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ABSTRACT

A study examined and evaluated both public and private efforts to assist dislocated farmers, with particular emphasis on employment and training programs. The study found that about 46,000 farmers are currently leaving farming each year, and the rate probably will continue for the next several years. Since the majority of the farmers who leave farming are under 45 years of age, there is a need to retrain them for other jobs. The primary employment and training program currently serving dislocated farmers is the Job Training Partnership Act (JTPA). The JTPA has experienced some success in retraining farmers, although statistics are difficult to obtain. The study identified five key elements in successful retraining programs: (1) use of trained field staff for outreach activities; (2) setting enrollment criteria in a way that permits enrollment of the target population with a minimum of embarrassment; (3) use of a neutral service center removed from the stigma of "welfare"; (4) statewide leadership; and (5) a state structure that permits support of the most aggressive local projects. Obstacles to farmer retraining include the lengthy and uncertain process of farm dislocation, the lack of nonfarm job opportunities in rural communities, and the farmers' lack of job search skills and self-confidence. The study concluded that the JTPA model of public investment in human capital is an appropriate one for retraining dislocated farmers but that long-term solutions to structural unemployment are also needed. (Sixty-two references are listed and 73 interviews are cited.) (KC)

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Programs and Policies To Assist Displaced Farmers

By

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and

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January 1988

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CONTENTS

Page

EXECUTIVE SUMMARY 4
INTRODUCTION 8
    Overview of the Dislocated Farmer Issue 8
    Characteristics of Dislocated Farmers 11
    Characteristics of At-Risk Farmers 15
    Historical Perspective on Dislocated Farmers 15
    A Model for Dislocated Farmer Programs 17

DISLOCATED FARMERS IN PERSPECTIVE 20
    Employment and Training Needs of Dislocated Farmers 21
    Past Experience in Training Farmers for New Jobs 23

OBSTACLES TO EMPLOYMENT MOBILITY BY FARMERS 24

DISLOCATED FARMERS AND THE JOB TRAINING PARTNERSHIP ACT 26

PROGRAMS AVAILABLE IN SELECTED STATES 33
    Georgia 35
    Iowa 40
    Michigan 53
    Montana 57
    Nebraska 60
    Wisconsin 65

EXTENT AND EFFECTIVENESS OF JTPA PROGRAMS FOR DISLOCATED FARMERS . 73
    Impact and Process Evaluation 73
    Dislocated Farmer Program Evaluation 74

OTHER PROGRAMS SERVING DISLOCATED FARMERS 79
    Income Support Programs 79
    Federal Agricultural Programs 81
    State Agricultural Development Programs 83
    Rural Economic Development 83

WHAT THE ROLE OF JTPA SHOULD BE IN SERVING DISLOCATED FARMERS . . 86
    Proposed Legislation 88

THE FOREIGN EXPERIENCE 90
    European Economic Community 90
    Centrally Planned European Countries 93
    Other Developed Economies 94
    Transmigration Programs 95

CONCLUSIONS AND POLICY RECOMMENDATIONS 96
APPENDIX 100
REFERENCES CITED 102
ON-SITE INTERVIEWS 107
PERSONAL INTERVIEWS 110

LIST OF TABLES

Page

1. Estimated Number of Farms in the United States, 1982-1987 10

2. Hours of Wage Work and Nonfarm Self-Employment by a Sample of Recent Farm Exits, Southwestern Wisconsin, 1987 13

3. Last Year of Farming for a Sample of Recent Farm Exits, by Age, Southwestern Wisconsin, 1987 14

4. U.S. Department of Labor National Reserve Funding for Farming and Ranching Projects, 1984-1986 28

5. Agriculture In Transition Program, Job Training of Greater Nebraska, Selected Statistics 63

6. Summary Statistics for Employment and Training Programs Targeted at Farmers, Selected States 75

7. Services Available in Selected Dislocated Farmer Programs 77

EXECUTIVE SUMMARY

The purpose of this study is to examine and evaluate both public and private efforts to assist dislocated farmers, with particular emphasis on employment and training programs. The objectives are to: a) document the array of programs available to help dislocated farmers; b) evaluate the programs in six agriculturally diverse states; and c) make recommendations regarding federal, state and local policy for dislocated farmer programs. The intended users of this report are public policy makers and the managers of programs relevant to dislocated farmers.

How many farmers are leaving farming?

The number of farmers in the U.S. peaked at almost 7 million in the 1930's and has since declined steadily. Since World War II, the rate of decrease in farm numbers has slowed, although the number of farmers continues to decline. The net decrease averaged roughly 170,000 farmers each year (3 percent) in the 1950's, 100,000 (3 percent) in the 1960's, and 28,000 (1 percent) in the 1970's. The U.S. Department of Agriculture estimates that the net decline has averaged 46,500 (2 percent) each year since 1982.

Will they continue to leave?

We can expect to see the continued exit of financially stressed, mid-career farmers for the next several years despite recent indications that farmland prices have stabilized in some areas of the country. In addition, there is no evidence that the long-term decline in farm numbers that began in the 1940's is over. The study concludes that continued public intervention on behalf of dislocated farmers will be appropriate.

Is there a need to retrain displaced farmers?

The employment and training needs of dislocated farmers depend on their age, nonfarm job experience, financial circumstances, and local labor market characteristics. Three regional studies of dislocated farmers indicate that between 57 and 70 percent of dislocated farmers are under 45 years old, clearly young enough to warrant retraining if needed. The same studies found that roughly 60 percent had worked off-farm during their last year of farming, which suggests that many dislocated farmers have had previous experience in looking for work and have marketable skills. Between one-half and three-fourths of the dislocated farmers remained in the same community in which they had farmed, implying that local labor market opportunities were available, or possibly, that the families were not willing to relocate. These studies reveal less about the financial circumstances of dislocated farmers, but anecdotal evidence suggests that a significant number leave farming with very few assets and are thus unable to undergo retraining without financial assistance. A fourth study of persons who had left farming between 1982 and 1987 found that 58 percent were employed in 1987, 32 percent were retired, 10 percent were disabled and unable to work, and one person was looking for work.

How are federal, state, and local governments involved retraining farmers?

The primary employment and training program currently serving dislocated farmers is the Job Training Partnership Act (JTPA). Both the public and private sector are involved in JTPA administration and service delivery, although funding is mainly the responsibility of the federal government. State and local governments are responsible for designing and administering programs. JTPA Title III specifically targets workers dislocated by structural economic change and thus has been the vehicle used by most states to serve dislocated farmers. The study found that although some states have contracted with private organizations, most employment and training programs for farmers are being provided by the public sector, including community colleges and the Cooperative Extension Service of the U.S. Department of Agriculture.

Are the programs successful?

Measuring the success of current JTPA dislocated farmer programs is difficult. Although we have estimates of the number of "at risk" farmers, there are no data on the number of farmers who have already been dislocated and are currently in need of employment assistance. A very rough measure of success is the proportion of farmers in each state who have enrolled in dislocated farmer programs and who have been placed in new jobs compared with the current number of at-risk farmers. Among the states analyzed in the report, this figure varied from less than 1 percent in Georgia to 17 percent in Nebraska. Among the local programs studied, average wage at placement varied from $4.33 to $7.20 per hour and program costs per entered employment ranged from $1,500 to $4,373. Entered employment rates varied from 23 percent to 81 percent. Most program participants found semi-skilled jobs. Some started nonfarm businesses.

What makes a program work?

We identified five key elements in successful retraining programs. First is the use of trained field staff for outreach activities. Dislocated farmers who have lost a family farm and who are knowledgeable about program eligibility and services are particularly well-suited for outreach work.

Second is setting (or interpreting) program eligibility criteria in a way that facilitates enrollment of the target population with a minimum of delay and embarrassment.

Third is the designation of a neutral service center. We found that dislocated farmers are not willing to enroll in programs associated with the stigma of government welfare services.

Fourth is statewide leadership and cooperation. Successful dislocated farmer programs rely on the resources of a variety of agricultural, employment, and social service institutions, all of which must be coordinated by aggressive state leadership.

Finally, program success is enhanced by a state structure that permits the support of the most aggressive local projects, regardless of their institutional affiliation, e.g. PICs, community colleges, extension service, and private vendors. Competitive grants instead of assignments to local agencies increase the probability of strong local programs.

What are the obstacles to retraining farmers?

We identified three obstacles to retraining dislocated farmers for new jobs. First is the lengthy and uncertain process of farm dislocation. It may take several years to liquidate an entire farm business. During this time, the farmer may be in limbo, neither in nor out of agriculture. He or she may be psychologically unprepared to find new work and/or financially unable to participate in retraining programs.

The second obstacle is the lack of nonfarm job opportunities, particularly in sparsely populated rural communities where some dislocated farmers live. Farming-dependent communities are not likely to offer alternative employment without substantial rural development activity. Thus farmers who are unwilling to relocate will have difficulty finding new work.

The third obstacle, which concerns dislocated farmers who have never held a nonfarm job before, is a lack of job search skills and self-confidence regarding their qualifications and ability to find work. We found other obstacles, including age and the lack of transferable skills, to be less important.

Is the JTPA model a good one?

The JTPA model of public investment in human capital is an appropriate one for dislocated farmer programs. The federal government acts as an enabler of community and state-based solutions. We recommend that future programs be structurally in place and able to respond to changes in demand for services that are associated with cycles in the agricultural sector particularly in the farmbelt states. These programs should be: centrally administered by a single entity in each state; authorized and financed to provide a variety of services including job search assistance, vocational, and entrepreneurial training; funded for periods of longer than one year; and flexible enough to permit college and university courses that would enable participants to complete a degree leading to employment.

Is job training enough?

Although employment and training programs are necessary programs for some displaced farmers, they are not sufficient to ensure long-term economic well-being. On the contrary, longer-term solutions to structural economic problems are essential components of national and locally-based solutions. Economic development that creates jobs in rural areas provides benefits to dislocated farm families who find employment and can continue to live in their home communities, and to the community as a whole by expanding the economic base. While it may not be in the public or private interest for all dislocated farmers to avoid migration, or for all small rural trade centers to persist, it is important that those that remain are economically viable. Rural areas should be the focus of economic development efforts that provide jobs to people displaced from agriculture and other industries affected by structural change.

INTRODUCTION

The purpose of this study is to examine and evaluate both public and private efforts to assist dislocated farmers, with particular emphasis on employment and training programs.[1] Specifically, our objectives are to: a) document the array of public and private programs available to help dislocated farmers nationwide; b) evaluate in detail the programs in six agriculturally diverse states; and c) make recommendations regarding federal, state and local policy regarding dislocated farmer programs.

Overview of the Dislocated Farmer Issue

There have always been persons moving into and out of the U.S. farming sector and for more than five decades there has been a net "dislocation" from farming. The number of farms in the U.S. peaked at almost 7 million in the 1930's and has since declined steadily. Since World War II, the rate of decrease in farm numbers has slowed, although the number of farms continues to decline. The net decrease averaged roughly 170,000 farms or 3 percent each year in the 1950's, 100,000 or 3 percent each year in the 1960's, and 28,000 or 1 percent annually in the 1970's (U.S. Department of Commerce).[2] The National Agricultural Statistics Service, U.S. Department of Agriculture (NASS, USDA) estimates that the net decline has averaged 45,600 or 2.0 percent each year since 1982. Table 1 indicates that the rate increased between 1982 and 1986 and fell in 1987.

Not only has the rate of decline changed over time, so too have the forces that cause the displacement and the characteristics of those who have been displaced.[3] The main reasons that the farm population declined in the 1950's and 1960's were (a) technological innovations that reduced the amount of labor required in farming, (b) lower profit margins that made higher volume necessary to maintain net income, and (c) relatively higher returns to labor in nonfarm, urban employment. Southern tenant farms and other small operations were hardest hit by these changes. The number of tenant farms in the South decreased by about 1 million (or ninety percent) between 1945 and 1970. Four-fifths of the decline in farm numbers from 1950 to 1964 was among those with less than 100 acres. Two-fifths occurred among tenant farmers, most of whom were black. In general, the people who were displaced were poor and had no political voice.

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[1] "Dislocated" and "displaced" are used interchangeably in this report. These terms refer to persons who have left agriculture because of financial stress rather than retirement, and for whom farming is no longer a primary source of income. Some farmers are financially stressed and "at-risk" but have not been displaced.

[2] Names in parentheses refer to authors cited in the "References Cited" section. Persons mentioned in footnotes are identified fully either in the "On-Site Interviews" or the "Personal Interviews" sections, as appropriate.

[3] This discussion is based on (U.S. Department of Agriculture, January 1987).

TABLE 1

Estimated Number of Farms in the United States, 1982-1987

Year	Number of Farms	Change from Previous Year	
		Number	Percent
	(1,000's)	(1,000's)	(%)
1982	2,401		
1983	2,370	- 31	- 1.3
1984	2,328	- 42	- 1.8
1985	2,275	- 53	- 2.3
1986	2,212	- 63	- 2.8
1987	2,173	- 39	- 1.8

Source: U.S. Department of Agriculture, National Agricultural Statistics Service

Displacement in the 1980's is caused by excess capacity in American agriculture that can be traced to shifts in world supply and demand. Such shifts are the result of many factors, including the value of the U.S. dollar relative to the currency values of our trading partners; production increases by countries who previously imported our agricultural commodities; and federal farm programs that have insulated domestic farmers from changes in world prices. The effects of these factors are manifested in the price of U.S. farmland, which on average, dropped 33 percent between April 1982 and February 1987. Losses in land value in the Corn Belt and Great Plains reached 50 percent during this 5-year period (U.S. Department of Agriculture, July 1987).

The dramatic decline in asset values has precipitated much of the farm financial stress (and dislocation) that we witness today. As land values fall, lenders may require their borrowers to rebuild their collateral or face foreclosure. As we might expect then, dislocation is concentrated among the most heavily leveraged farmers. In general, these are the operators who began farming (or expanded existing operations) during the 1970's when land prices were rising. Lower commodity prices and the high cost of servicing debt has put them in severe financial difficulties in the mid-1980's.

Characteristics of Dislocated Farmers

The question of what programs are needed to assist dislocated farmers cannot be answered without knowing the characteristics of the target population. Age, education, nonfarm job experience, household composition, willingness to relocate, and financial circumstances all have bearing on the types of assistance that are needed to ease the transition out of farming. Older farmers who are choosing to retire early but who retain substantial net worth, for example, are not likely to need the same help as younger farmers who leave with substantial debts. Likewise, farmers who have previous off-farm job experience have different training needs than those who have always farmed full-time.

Because there are no national level data on characteristics of dislocated farmers, we piece together what we know from four regional studies. The first two studies described characteristics of dislocated farmers, although neither specifically focused on job mobility (Otto, Heffernan and Heffernan). Otto reported results of a mail survey in which he questioned County Extension agents in Iowa regarding the characteristics of farmers who left agriculture for financial reasons in 1984. He found that those farmers were younger, had less experience, and farmed smaller acreages than the average Iowa farmer. Fifty-seven percent were under age 45. Roughly three-quarters of the farmers who stopped farming were still living in the same community. Thirteen percent left their community while 10 percent left Iowa. Those who left their community tended to be younger and have more dependents than those who stayed. Based on a lower than expected unemployment rate among exiters, Otto concluded off-farm employment opportunities encouraged families to remain in their communities.

Heffernan and Heffernan (1986) interviewed 40 Missouri families who involuntarily left farming between January 1980 and January 1985. Half started farming after 1970. Seventy percent of the men were under 45 years of age. Thirty percent had received some post-high school education. Sixty percent worked off-farm during the last year of farming. Of the 23 who continued to live in the area near where they had farmed, 17 were not fully employed, including two that were enrolled in college.

Leistritz et al. (1987) interviewed 169 displaced farm families in North Dakota in 1986. They found that most displaced farmers began farming in the 1970's and were similar to continuing farmers in matters of size and enterprise type. Sixty-five percent were less than 45 years old. Fifty-one percent had received some post-high school education. Fifty-seven percent had worked off-farm in their last year of farming, but only half of these felt that their off-farm work experience helped them find employment after they quit farming. The authors suggest that their relative lack of off-farm work experience (most had only recently begun working off-farm) contributed to the difficulties they encountered in finding new work. About 55 percent of the displaced farmers were still living in the county where their farm had been located, and 43 percent had either moved to another county or another state.

Preliminary analysis of a 1987 study in southwestern Wisconsin provides information about how farmers have moved into the nonfarm labor market since 1982, and about the recent trend in farm exits (Saupe, Gould, and Bentley). In early 1983, a random sample of all farm operators in 8 counties were personally interviewed about farm and household characteristics. In a 1987 follow-up to the first survey, all of the original 529 operators were located and most were re-interviewed. The four years between the surveys corresponded to the advent of unexpected farm financial stress. During this period, 23 of the original respondents died and 104 or roughly one-fourth left farming. The remaining 402 were still farming at the start of 1987.

Interviews were completed with 92 of the 104 farm exits. Researchers found that 53 (58 percent) were employed, 29 (32 percent) were retired, nine (10 percent) were disabled and unable to work, and one was looking for work. The one unemployed person under age 55 reported himself as being disabled. Ten persons under age 65 reported working less than one thousand hours in 1986, which suggests that some underemployment may exist (Table 2). Twenty-seven of the 33 persons under age 55 worked one thousand hours or more, and of those, 18 were essentially full-time workers with two thousand or more hours. The employment of persons age 55 to 64 was less extensive.

The study also provides data on the trend of people leaving agriculture in southwestern Wisconsin from 1982 to 1986 (Table 3). The pattern of exit is erratic for persons under age 55 as well as those age 55 or older. Total exits showed no decline in 1985 and 1986, i.e. these data do not support the hypothesis of declining rates of farm exits. Insights about future rates of exit among these southwestern Wisconsin farmers can best be found in proposed analyses of the financial data of the 402 continuing farmers.

TABLE 2

Hours of Wage Work and Nonfarm Self-Employment by a Sample of Recent Farm Exits, Southwestern Wisconsin, 1986

	Hours worked in 1986					
Age	None	1-999	1000-1499	1500-1999	2000 or more	Total
Under 55	1	5	2	7	18	33
55-64	13	5	3	3	4	28
65 or more	25	3	1	0	2	31
Total	39	13	6	10	24	92

Source: 1987 Wisconsin Family Farm Survey (Saupe, Gould and Bentley)

TABLE 3

Last Year of Farming for a Sample of Recent Farm Exits, by Age, Southwestern Wisconsin, 1987

Last Year as a Farm Operator	Age		Total
	Under 55	55 or Older	
1982	2	12	14
1983	5	17	22
1984	8	5	13
1985	13	7	20
1986	5	18	23
Total	33	59	92

Source: 1987 Wisconsin Family Farm Survey (Saupe, Gould and Bentley)

Characteristics of At-Risk Farmers

Because information on the characteristics of recently dislocated farmers is scarce and because policymakers and program managers need this information to plan ahead, we must examine the characteristics of "at-risk" farmers, those who appear most likely to be dislocated from farming in the near future. The best sources of national data are analyses of the USDA's Farm Costs and Returns Survey (FCRS), an annual, random large-sample survey of the nation's farms. The FCRS permits generalization to state, region, and national levels (Hanson).

As reported by Martin (1987), the 1987 FCRS data showed that 16 percent of all farms with gross sales over $40,000 per year (or 112,199 farms) had "financial stress." In addition, 49,762 smaller farms had "financial stress." Thus, it was estimated that about 161,961 farms or 10.4 percent of all farms represented in the survey were stressed.[4] "Financial stress" is measured in a precise manner, considering both the asset-debt position of the farm family as well as their cash flow. Financially stressed farmers include: all farmers who are insolvent; farmers with a debt-to-asset ratio of 0.7 or higher if their cash flow permits them to cover living expenses but only partially service their debts; and farmers with a debt-to-asset ratio over 0.4 if their cash flow does not permit any debt servicing.

The FCRS permits estimation of financially stressed farmers by state, but does not provide information on age distribution or other characteristics. About one-fourth of the financially stressed farms are located in the six states selected for detailed study in this report.

Additional research has addressed the characteristics of persons who are likely to be displaced from agriculture. In reviewing this research, USDA analysts (U.S. Department of Agriculture, January 1987) concluded that, on average, financially stressed farmers are younger (under 45 years of age), started farming more recently, and have as much or more education than operators with lower debt-to-asset ratios. They are also more likely to have off-farm work experience.

Historical Perspective on Dislocated Farmers

Several characteristics differentiate dislocated farmers in the 1980's from those who left farming in earlier periods. First, they are relatively well-educated. Farming today requires complex business management skills and training. Dislocated farmers are often financially stressed not because of poor management skills but because of the timing of when they started farming. They went into debt to buy land when prices were high and now face both lower farm commodity and land prices. Second, they may have off-farm work experience, or at least skills gained in farming that may be transferrable to nonfarm jobs, for example, bookkeeping, carpentry, and management.

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[4] There were about 650,000 farms that were outside the sampling frames used in the 1987 Farm Costs and Returns Survey. Of these 529,000 were farms with sales less than $10,000, i.e. smaller farms with substantial nonfarm economic activity (Hanson, USDA August 1987). Their omission causes only slight underestimation of the number of at-risk farms.

In an article that may generate substantial controversy, Lester Thurow (1987) addresses the question of why the current agricultural crisis has received so much public attention when, in fact, the decline in farm numbers was far larger during the '50's and '60's (Thurow). "What . . . makes this period undeniably an emotional and political farm crisis? Farmers have left farming more rapidly in the past with no crisis . . . . What is different now?" Thurow argues that the current conditions in agriculture are a continuation of a long-term contraction within the sector. This contraction was evident in the early decades after World War II when millions of farmers migrated to urban areas. High prices and expectations during the '70's, in contrast, were an aberration. Thus, current conditions constitute a crisis only when compared to conditions in the '70's, not in the longer-term context.

According to Thurow, the contraction occurring during the '80's, unlike that of previous decades, has been manifested in rapidly falling farmland prices. As prices go down, so too does the net worth or wealth of people who remain in farming. Thus, those who still farm bear most of the costs of a shrinking sector. In contrast, earlier decades saw labor prices fall rapidly, instead of land prices. Costs of the shrinking industry were born by people who left their farms and migrated to urban areas. In both absolute and relative terms, the net decline in farm numbers was greater during earlier decades than today.

If we accept Thurow's argument, the "crisis" of the 1980's that has been such an emotional issue in the media is a decline in the wealth of people who continue to farm. Public attention to the relatively small number of dislocated farmers, those who leave agriculture, is only a corollary or consequence of this larger phenomenon. The implication is that the staying power and political significance of the dislocated farmer issue is small in comparison to the real "farm crisis," the decline in rural wealth.

Notwithstanding current optimism about stabilizing land prices, we must conclude that the 1980's do not represent a significant change in the evolution of American agriculture. The agricultural sector has been shrinking since World War II in terms of employment and percent of GNP. Given, first, the relationships between price changes and total revenue, and second, consistent worldwide increases in productivity, it is inevitable that fewer people can profitably be employed in farming over time.[5] For a variety of reasons, the decade of the '70's was an exception. When viewed in the context of the entire post-World War II era, the rate of decrease in farm numbers in the 1980's is not an aberration. Thus, the problem of dislocated farmers is not one that will disappear.

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[5] It is generally accepted that the aggregate demand for food is inelastic with respect to price and income. That is, a decrease in farm prices results in less than proportionate increases in demand. And similarly, increases in income result in less than proportionate increases in demand. As long as demand is inelastic, lower prices due to increased productivity, (that is, fewer inputs required to produce the same output), will not result in higher total revenue.

A Model for Dislocated Farmer Programs

Relying on combinations of federal, state, and local resources, a wide variety of programs has been set up to assist people leaving agriculture. It is helpful to think of these programs as designed to address short-term, intermediate-term, and long-term problems (Mazie and Bluestone, 1986). Short-term programs are designed to assist farmers during the first three stages of dislocation, that is, denial, anger, and grief. Such programs include mental health, legal, and financial counseling, and peer support. Intermediate-term programs assist farmers in the final stage, that is, when they are ready to take action to improve their circumstances. They include employment and training-related efforts as well as financial assistance during the transition to new employment. Long-term programs include economic development and job creation.

The discussion in this section serves as background to our later more detailed description and analysis of program efforts in six states.

Short-Term Programs. Mazie and Bluestone (1986) describe what it is like for farmers who leave agriculture:

> Shame, guilt, disbelief, feelings of inadequacy, and a sense of worthlessness often accompany the loss of a farm, especially one that has been in the family for generations. Even though such problems are usually temporary, they can inhibit coping effectively with a difficult financial situation.

In addition to emotional problems, families forced to give up their farm face daunting financial and legal problems.

Many states and local communities have set up telephone hotlines as a front line means of helping farm families cope with these difficult personal adjustments. Such hotlines are essentially liasons between farmers and service organizations. Their funding typically comes from private and public sources, including churches, local community organizations, and state governments. Hotlines are usually staffed by people with farm backgrounds who have personal knowledge of the farm crisis. The staffers primarily provide referrals to specific services, including local mental health counselors, lawyers, and social service agencies. Some hotlines, such as the one in Nebraska, retain field staff who make personal visits to farm families that need immediate one-on-one assistance. These field staff may also act as credit mediators and legal counselors. Based on a 1985 survey by the Council of State Governments (National Governors' Association, 1986), a report by the Interchurch Ministries of Nebraska (1986), and our own research, we identified

26 states in which farm crisis hotlines have been organized and in some cases, are currently operating.[6]

Several states provide one-on-one counseling designed to help farm families evaluate their financial situation and prospects of remaining in farming, and to set goals regarding family lifestyle and employment. This counseling may be administered through community colleges (as in Nebraska) or through the Cooperative Extension Service (as in Wisconsin).

An important characteristic of these short-term programs is that they are directed towards all farm families **in stress**, not only those who are leaving agriculture. In fact the stated objective of many programs is to keep people **on the farm**. The point at which someone seeks help by calling a hotline rarely coincides with a decision to stop farming. On the contrary, the farm operator or spouse may have only begun to realize the extent of their financial problems. However, these short-term programs must be considered as part of the spectrum of services available to displaced farmers because they often represent a crucial first contact with outside assistance. Without the short-term help offered by referrals and counselors, many farm families would have no link to the programs targeted at those who decide to stop farming.

Intermediate-Term Programs. Once a family has made the decision to stop farming (either altogether or for their primary source of income) they must make a transition into the nonfarm workforce or retire. Programs available to help such families fall into two groups. Employment-related programs (which most often fall under Title III of the Job Training Partnership Act) include skill testing, training and job referral services. Income support programs, such as Food Stamps, help meet living costs. (Agricultural programs, such as federal farm commodity programs, are unlikely to provide assistance to persons who have left farming, i.e. to displaced farmers.)

Long-Term Programs. Although crisis intervention, job training, and income transfers are necessary programs for displaced farmers, they are not sufficient to ensure long-term economic well-being. On the contrary, longer-term solutions to structural economic problems are essential components of dislocated worker programs. In the simplest terms, rural areas must be the focus of economic development efforts that provide jobs to people displaced from agriculture and other industries affected by structural change. Without job opportunities, investing in human capital cannot increase employment.

Unfortunately, there are no recipes for rural economic development. In fact, there is little agreement on what "development" means or how to measure it. Very generally, economic development implies an improved economic climate that results in increased demand for local labor and greater long-term income opportunities. Effects on the environment, income distribution, and quality of life in the local community all need to be considered in the design of an economic development strategy.

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[6] States that have set up farm crisis hotlines include Nebraska, Iowa, Wyoming, North Dakota, Texas, Idaho, Montana, Colorado, Wisconsin, Michigan, Alabama, Mississippi, Georgia, Illinois, Indiana, Kansas, Kentucky, Minnesota, Missouri, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, and South Dakota.

There are many unresolved issues regarding programs that can best achieve rural economic development. For example, the need for infrastructure investment; the relative benefits of business retention and expansion compared to new business development; the potential of manufacturing and service industries; the need for venture capital; and trade-offs between growth and the environment are a few of the questions that local communities must struggle with.

DISLOCATED FARMERS IN PERSPECTIVE

Our study of dislocated farmers begins with background on the more general issue of dislocated workers in the U.S. Specifically, we look at numbers, geographical concentration, and characteristics of dislocated farmers as they compare with other dislocated workers. This comparison gives us a basis for evaluating whether existing displaced worker services are useful in the case of farmers.

Displaced workers lose their jobs because of structural changes in the U.S. and world economies. Examples of structural changes include new production processes that alter labor-capital ratios, shifts in the balance of trade and relative currency values, and changing consumer preferences. Worker displacement is occurring at a rapid rate in the U.S., and is concentrated in specific industries and geographical regions. Generally speaking, the term "displaced worker" refers to previously employed wage earners, as opposed to self-employed individuals.

It is useful to put the number and characteristics of displaced farmers in the context of displaced workers in general.[7] According to a Bureau of Labor Statistics (BLS) survey, between 1979 and 1984 "11.5 million workers lost jobs due to plant closings or relocation, abolition of a position or a shift, or slack work. Of those, 5.1 million had the job for at least 3 years, and were considered displaced" (U.S. Department of Labor). Although the definition of displacement used by BLS is somewhat arbitrary, the numbers do indicate the severity of worker displacement in the U.S.

Almost half of all displaced workers between 1979 and 1983 were in the manufacturing industry, even though manufacturing accounts for less than 20 percent of all employment (U.S. Congress). Almost 15 percent of all workers in the durable goods manufacturing industry were displaced over this five-year period, an annual rate which is comparable to that of displaced farmers in the 1950's and 1960's, and higher than that of displaced farmers in the early 1980's.

Geographically, the Great Lakes region (Michigan, Ohio, Indiana, Illinois, and Wisconsin), the Middle Atlantic area (New York, New Jersey, and Pennsylvania), and the East South Central region (Mississippi, Alabama, Tennessee, and Kentucky) have disproportionate shares of all displaced workers. This finding is consistent with the concentration of particular industries which are undergoing major structural change in these areas.

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[7] The following discussion of displaced workers is drawn from (U.S. Congress).

Statistics don't capture the traumatic experience of worker displacement. Family stress, alcoholism, loss of self-esteem, and deteriorating health are not uncommon among people who lose their jobs due to the dynamic world economy. The experience of displaced miners is vividly described by Lamm (1987) and of displaced steelworkers, by Bensman and Lynch (1987).

Understanding the specific experience of displaced farmers is crucial to evaluating whether current policy is appropriate to farmers. Mental health scientists have made an important contribution to those working with dislocated farmers by identifying and describing the series of mental conditions that distressed farm families experience before they can begin to make career decisions or implement a course of action. Persons working with financially distressed farm families have repeatedly seen these phases. Understanding them, and recognizing that they must be addressed before skill testing, job training, etc. can begin, makes them an integral consideration of dislocated farmer programs.

Ehrhart (1986) identified four phases in the process of dislocation. Farmers first experience a phase of denial, that is, an unwillingness to recognize and acknowledge the extent of their financial misfortune. Second, they experience anger and blaming, often finding other family members, creditors, and the government as the cause of their problems. Third, they view the loss of their farm very personally. This contributes an intense period of grieving. During grieving, physiological and psychological reactions are typical and include questioning the meaning of life, loss of confidence in the predictability or stability of their environment, and a sense of powerlessness and inability to control life events. Finally, the fourth phase is a mood to take control, make decisions, and take action.

Employment and Training Needs of Dislocated Farmers

Dislocated farmers are by no means homogeneous in their attitudes, skills and opportunities. Their need for public assistance in finding employment will vary considerably, and this has bearing on how employment and training programs are viewed. It may be useful to consider dislocated farmers by three levels of need. First, some dislocated farmers need little or no assistance. Persons with certain college degrees or readily marketable skills or with prior part-time or full-time off-farm work experience are less likely to have placement problems, as are persons with prior geographic mobility, i.e. with experience living in urban or other areas away from the home community. In addition, some dislocated farmers were once very aggressive farm business managers, operating a business with hired employees, acquiring extensive borrowed capital and grossing several hundred thousand dollars per year. By their nature they will continue to be aggressive in their new job search or business development. Their public assistance needs are minimal.

At the other end of the spectrum are dislocated farmers lacking adequate formal education or marketable skills, who are psychologically devastated and incapacitated by their financial misfortune. For them to become self-sufficient and productive in our economic system will require extensive public intervention. Assistance would likely include family stress counseling, skill assessment, and job training so they will have marketable human capital, and job referral or placement, probably in a local site.

Between the two extremes are other dislocated farmers with intermediate levels of need. They probably have employable skills. Their need is mainly psychological preparation and assistance in being systematic and efficient in their employment search.

The four regional studies cited above confirm that there is wide variation in the employment and training needs of dislocated farmers. Heffernan and Heffernan; Leistritz et al.; and Saupe, Gould, and Bentley all suggest that dislocated farmers may be experiencing underemployment. Two of the studies also found significant unemployment rates among persons who have stopped farming for financial reasons. Thus the studies indicate that at least some dislocated farmers are in need of job search assistance and occupational retraining.

On the other hand, Otto, and Saupe, Gould, and Bentley imply that, over time, many employment problems may be solved by the farmers themselves. For example, forty percent of the farm exits interviewed in the Saupe study reported no off-farm work in 1986. Only one, however, said he was looking for work. (The remainder were retired or unable to work.) Sixty percent of the exits were employed. These findings support the conclusion that not all dislocated farmers will require public assistance to find nonfarm employment.

In our interviews with people who work with displaced farmer programs, we often heard that displaced farmers differed from other displaced workers. First, it was suggested that leaving farming is especially stressful because it takes so long. Indeed, the process of "going out of business" in farming is lengthy and has no clear point of termination. It may take several years to liquidate an entire farm. During this period, the farmer may be in limbo, neither in or out of agriculture. Whether or not he or she qualifies for displaced worker services is extremely difficult to determine, as is shown later in our report. However, we should not overlook the fact that other displaced workers may also face long periods of uncertainty over the future of their jobs. Years of rumors and official denials about industrial plant closings plague workers in other sectors, making displacement a lengthy and painful process (Bensman and Lynch). What makes farmers different is that, except in the case of foreclosure and sometimes bankruptcy, farmers never receive a pink slip. They may hang on long after the farm has stopped providing a return to their labor.

Second, some persons working with dislocated farmers feel that leaving farming is more stressful than leaving other occupations. If this were true, displaced farmers might need more mental health assistance than other displaced workers. Indeed, losing a farm that has been in the family for generations is traumatic and can cause severe stress. Although this stress is typical of industrial workers whose families have earned their livelihood in one industry for generations, and whose communities offer almost no other job possibilities, it may be especially severe for farmers who blame themselves for the failure of the family business.

Third, displaced farmers may be at a disadvantage because they have no unions representing their interests to legislators and service providers. As self-employed individuals, they have no employer to give them early notices or retraining. They leave their farms family by family, not as a part of large groups of workers with the common bond of having been laid off en masse. In addition, they tend to be concentrated in agricultural rather than industrial states, where institutional structures for providing dislocated worker assistance are not in place.

Fourth, evidence suggests that displaced farmers are different from other displaced workers in terms of their human capital. Mazie and Bluestone (1986) describe those who are currently being displaced from agriculture as

> . . . better prepared to compete for jobs in the nonfarm sector than farmers displaced in earlier outmovements from agriculture and workers displaced from other industries, such as manufacturing. With the right kind of assistance, many of the displaced farmers can find satisfactory jobs outside of agriculture.

Younger farmers who have attended college and managed relatively large family businesses may well be better equipped to change occupations than are third generation miners in Kentucky or assembly line workers in Detroit. With adequate capital and growth opportunities (which can not be taken for granted), some displaced farmers can start new businesses, or at minimum, use their significant skills in new jobs. What they may need most is the knowledge of how to employ their skills outside farming. Many farmers and their spouses have had nonfarm job experience before leaving agriculture. Given employment opportunities (which again, we cannot take for granted), this nonfarm experience may assist the family in making the complete transition to the nonfarm workforce. However, those who have never looked for a job may lack confidence in their ability to become hired.

Past Experience in Training Farmers for New Jobs

The 1982 Job Partnership Training Act has specific provisions that apply to dislocated farmers. These include a federal definition that provides criteria whereby self-employed persons may become eligible, and the earmarking of some funds by a state JTPA program for awarding competitive grants only for dislocated farmer activities. To a lesser extent, current agricultural legislation and programs also have provisions which apply to dislocated farmers.

In contrast, the employment and training needs of persons leaving agriculture were not addressed by either the Manpower Development and Training Act of 1962, the Comprehensive Education and Training Act of 1973, or past agricultural legislation. Thus, current JTPA programs represent the first effort to assist self-employed, displaced farmers on a major scale.

OBSTACLES TO EMPLOYMENT MOBILITY BY FARMERS

There are both labor market and personal obstacles to the ready movement of farmers into alternative employment opportunities. In the theoretical perfect market there is complete knowledge by all parties and instantaneous, cost-free movement from place to place. However, discussion with program managers and workers reveals anecdotal evidence of many obstacles to farm family mobility.

In practice, farmers may have no knowledge about employment opportunities and may be poorly prepared to seek such information if neither they nor anyone else in their household has had off-farm work experience. Without prior experience, they would have no reason to be aware of job search techniques or have interviewing skills. In all of the employment programs that were reviewed for this report, some job search training component that dealt with this obstacle was included.

A second obstacle is that farmers may have imperfect knowledge about their own marketable skills. During the grieving and helplessness phase that often follows farm financial collapse, it is common for adult family members to dwell on their ineffectiveness and inabilities. They tell counsellors that all they know how to do is farm and have a very limited view of their marketable skills.

Farmers' human capital investments may have been specific to farming, and may not be readily transferred to the nonfarm market. But new investments in human capital such as job training or education may be costly, both in cash costs and in the income that will be foregone during the training period. Thus, financial costs of making new investments in human capital may be an obstacle for a family leaving farming with few financial resources.

Even among families who leave farming with substantial assets, there may be obstacles in converting farm resources into liquid capital. Financially stressed farmers often have liens or encumbrances on their real or personal farm property that cause delays in selling and claiming their remaining equity. Farm assets may also be tied up in foreclosures, bankruptcy, or defaulted land contract proceedings. Even with clear title, selling farm assets in a hurry or at a disadvantageous time of the year may reduce proceeds from the sale.

In contrast to the theoretical perfect market, the real world movement of labor from farming to some other occupation is neither cost-free nor instantaneous. If change of occupation also means a change in place of residence, there will be cash costs and lost work time in moving family and possessions.

In addition to the market obstacles discussed above, there are often major personal obstacles to farm labor mobility. Many, perhaps most, farm people have a strong preference for remaining in their home community. The ties may be specific, such as the reluctance of children and parents toward changing schools. There may be a less-specific discomfort with the unknowns at the new employment location, where they would be separated from extended family, long-time friends, and familiar institutions. Change in employment and place of residence may mean trading a culture and society that is understood and comfortable for one that is unknown, different, and perhaps hostile.

A final personal obstacle is the reluctance of farmers to be seen going to places usually associated with persons in financial trouble. Job Service offices, for example, are known as the place where unemployed persons apply for relief. Community action organizations have historically worked with persons in trouble. This concern on the part of farmers about how others will perceive them is often an obstacle to approaching an organization that can provide employment assistance.

Another obstacle to guiding financially stressed farmers into employment and training programs is that rural leaders tend to view farm financial problems as requiring solutions which involve changes in the farm business, in farm credit practices, or in federal farm commodity programs. Programs to assist farmers leaving farming are not a part of their past experience or current thinking. For example, a Wisconsin survey of 60 selected rural leaders involved with farm credit, extension farm programs, and statewide general farmer organizations was conducted by the Wisconsin Department of Agriculture, Trade and Consumer Protection in 1987. The purpose of the survey was to better understand the rural leaders' views regarding farm financial conditions, farm survival prospects, and related issues and policies.

After extensive questioning about specific farm financial issues, the respondents were asked to identify "other important" farm finance issues which should be addressed. Only two of the 48 respondents mentioned "retraining and transitional assistance for displaced farmers." Clearly, their focus is on farm-related solutions.

DISLOCATED FARMERS AND THE JOB TRAINING PARTNERSHIP ACT

The major source of employment-related assistance to displaced farmers is the 1982 Job Training Partnership Act (JTPA). Before examining how various provisions of the act apply to dislocated farmers, it is worthwhile to review the organization and administration of JTPA programs. The discussion will serve as background to later case studies of dislocated farmer programs around the country.

JTPA Title I mandates that the governor of each state designate Service Delivery Areas (SDA's) or geographical regions in which job training services will be provided. SDA's may consist of the whole state or one or more units of general local government. The SDA's are to be consistent with labor market areas or standard statistical metropolitan areas.

Each SDA has a Private Industry Council (PIC) made up of representatives from the private sector (who constitute the majority of the council), educational agencies, organized labor, rehabilitation agencies, community-based organizations, economic development agencies, and the public employment sector. The Council's chair must be selected from among representatives of the private sector.

The PIC's responsibility is to guide, review, monitor, and evaluate the SDA's job training plan, in cooperation with the appropriate unit of local government. The PIC determines who will develop the job training plan and selects the entity that will administer the plan. The job training plan addresses questions of organization, administration, services, budget, and eligibility requirements for programs authorized by JTPA Titles II, III, and IV.

JTPA Title III specifically targets workers dislocated by structural economic change. Twenty-five percent of Title III funds go into the Secretary of Labor's National Reserve Account (formerly called discretionary funds) which are awarded on a one-time basis to individual states on the basis of special needs. Reserve-funded programs are targeted to specific subgroups of workers such as dislocated farmers. As of the Department of Labor's 1986 program year, fifteen states had applied for and received Reserve funds for the purpose of assisting displaced farmers.[8]

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[8] States that have received National Reserve Account funds are: Texas, Oregon, Minnesota, Kansas, Maine, Iowa, South Dakota, Colorado, Idaho, Wisconsin, Nebraska, Montana, North Dakota, Tennessee, and Alabama.

Table 4 indicates the funding level for Reserve Account farmer and rancher projects, 1984-1986. Projects that specified farmers as a target group made up 7 percent of all Reserve-funded projects in program year 1984, 10 percent in 1985, and 7 percent in 1986. These percentages are overstated to the extent that some projects designated farmers as one of several target groups. Not all projects actually served dislocated farmers or ranchers.

TABLE 4

U.S. Department of Labor National Reserve Funding for Farming and Ranching Projects, 1984-1986[a]

Program Year (July-June)	Amount Awarded: Farmer/Rancher Projects	Amount Awarded: All Other	Amount Awarded: Total
	(Millions of Dollars)		
1984-85	4.0	51.8	55.8
1985-86	5.7	49.6	55.3
1986-87	1.7	22.2	23.9

[a] Included are projects for which dislocated farmers or ranchers are at least one of the specified target groups.

Source: U.S. Department of Labor, unpublished statistics.

Seventy-five percent of Title III authorized funds are allocated to individual states as block grants on a formula basis. Formula Title III funds sometimes go directly to the states (rather than to local PIC's) because it is assumed that major dislocation occurs unevenly across communities. Thus states need the latitude to allocate money where it is most needed.

Farmers are also served by some formula-funded programs. Several states have used formula funds specifically for their dislocated farmer programs. In addition, farmers may receive services from formula-funded, general dislocated worker programs. No national level data is available on how many farmers fall into the latter category.[9] JTPA programs in some states ask Title III applicants whether they are farmers. Therefore, in some states we know how many total farmers receive Title III services. (These data are presented later in the report.)

Title III formula funds must be matched by the state. For most dislocated worker programs, unemployment compensation is an important source of money for matching funds. Insofar as farmers do not receive unemployment compensation, matching funds are sometimes difficult to generate.

Difficulties in determining farmers' eligibility for Title III programs have been a major impediment to assisting people in the process of leaving agriculture. Title III was conceived as a way to help wage workers laid off due to plant closings and other structural causes. Briefly, there are three Title III eligibility categories:

a) Persons laid off or terminated, eligible for (or exhausted entitlement to) unemployment compensation, and unlikely to return to their previous industry or occupation.

b) Persons laid off as a result of any permanent closure of a plant or facility.

c) Persons who are long-term unemployed and have limited opportunities for employment in the same or similar occupation in the area in which they reside.

The first problem in using the JTPA Title III program for farmers revolved around whether farmers were eligible under federal guidelines. Farmers, after all, are self-employed and therefore can not be "laid-off." Various states (the first of which was Minnesota) resolved this problem by rewriting their regulations to specifically include farmers. Nebraska, for example, included farmers by calling displacement a "plant closure." (More detailed discussion of current state eligibility criteria is presented in the various state reports that follow.)

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[9] Robert Easley, U.S. Department of Labor. On-site interview, July 27, 1987.

In April 1985 the U.S. Department of Labor issued an information notice that "workers dislocated from farms and others dependent on the farm economy" specifically qualify for Title III programs (USDA, ES, March 1987; and NGA 1986). This notice resolved the problem of whether farmers were eligible. JTPA legislation was amended to reflect this change in 1986.

The second problem hinged on when a farmer became eligible. The point at which self-employed farmers going through lengthy foreclosure or bankruptcy proceedings become "dislocated" has proven very difficult to determine and continues to be a hindrance to providing effective assistance. States vary widely in their eligibility criteria. In Michigan, for example, a farmer is eligible if he or she a) has received notice of foreclosure, b) has filed for bankruptcy, or c) has a debt-to-asset ratio of at least 40 percent (Michigan State University). In Nebraska, a farmer is eligible if he or she can prove foreclosure, bankruptcy, or the inability to secure capital necessary to continue the business operation (Job Training of Greater Nebraska).

Dislocated worker guidelines were established in 1986 amendments to JTPA (P.L. 99-496) and elaborated in June 1987 (U.S. Government Printing Office). If these proposed rules are adopted (which they are likely to be late in 1987), each state will officially have more latitude in determining when farmers and other rural business people become eligible. The proposed rules state that self-employed persons who are in the process of going out of business are eligible. Evidence of going out of business includes the failure to return a profit in the previous 12 months, inability to make payments on loans secured by business assets, and a debt-to-asset ratio sufficiently high to indicate insolvency. Excerpts from the proposed rules are included in Appendix 1. Thus, the issue of when farmers become eligible for Title III programs is in the process of being resolved.

The JTPA Title II program, Training Services for the Disadvantaged, is another potential source of funds for dislocated farmer programs. Title II funds are allocated directly to local PIC's, on the assumption that economic stress is likely to occur more evenly across communities, and is best addressed from the local level. Several states, including Nebraska, Iowa, and Wisconsin, use Title III and II-A concurrently. (Their programs are discussed in detail later in this report.) Briefly, criteria for II-A programs are based on total family income in relation to family size, or alternatively, on previously determined eligibility for income assistance programs. People who are not economically disadvantaged but have a substantial barrier to employment may also be served under II-A. Barriers to employment that have special relevance to displaced farmers and their families include (a) displaced homemaker status, (b) age 55 or older, and (c) veteran status.

A much less commonly used source of funding for dislocated farmer programs is JTPA Title II-B, Summer Youth Employment and Training Programs. Title II-B programs are designed for economically disadvantaged youths aged 16 through 21, and are operated primarily during summer vacations. Services provided are similar to those offered through Title II-A programs. Children of economically disadvantaged farmers are eligible for the programs. However, we did not find that Title II-B was a significant source of funds for any of the programs we examined.

JTPA programs provide a range of employment-related services. They include the following:

Outreach and Screening. One of the first, and perhaps most crucial functions provided by dislocated farmer programs is outreach to financially stressed families. Getting a family to acknowledge how severe their situation is, and to walk in the door of a service center has proven to be the most difficult task faced by training staff. Conversations during the course of our field work suggest that the trauma associated with losing the family farm tends to make families withdraw and isolate themselves from conventional outreach efforts. More detailed discussion of outreach efforts by individual states is presented in the state reports that follow.

Job Search Assistance (JSA). A second important service involves farmers' inexperience in the nonfarm job market. Many have never had to look for a job before. They discount the wide variety of skills inherent in farming. "All I've ever done is farm" is a common rejoinder from those who have spent their lives with crops and livestock. Thus, career counseling, training in job search, resume writing, and interviewing are all necessary services provided by dislocated farmer programs.

Retraining. On-the-job (OJT) and occupational classroom training (CRT) consume the majority of employment program resources. One or the other is important in cases where the farmers' skills are obsolete or not in demand in the local area. OJT programs provide a subsidy of up to 50 percent of the new employee's wages for a maximum of six months and generally result in higher placement rate than some other programs. OJT also has the advantage of enabling the farmer to earn income while learning new skills. CRT may be easier to provide because more participants can be accommodated.

Entrepreneurial Training. JTPA Title III funds have also been used in less conventional ways to support training for dislocated farmers. For example, "New Ventures for Farmers" is jointly sponsored by an Indiana PIC and the Indiana National Corporation. The program is designed to help farmers in four Indiana counties apply their management skills to new business ventures. The program provides training in all phases of business operations including financial planning, marketing and advertising, sales, customer relations, and quality control (Bureau of National Affairs).

Relocation Assistance. Of the activities authorized by JTPA Title III, relocation assistance is among the least commonly used. A few employment service providers offer assistance in relocating families from depressed rural areas to cities where unemployment is relatively low. Although dislocated farm families can qualify for such relocation assistance, very few have participated. For example, an organization based in Minnesota's Twin Cities area works with two rural community agencies to find jobs for and help relocate families from northern Minnesota to the Twin Cities. The organization is called HIRED (Helping Industry Resolve Employment Difficulties). Both "outstate" community agencies are JTPA service providers that offer employment and training programs in areas where natural resource industries are suffering high unemployment. Farm families seem to be tied more closely to their communities than some other rural residents, and are less willing to move.[10]

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[10] Jane Foster, Director of HIRED. Telephone interview, September 23, 1987.

PROGRAMS AVAILABLE IN SELECTED STATES

No comprehensive analysis of dislocated farmer programs in the U.S. has been conducted. Several studies, including "State Actions to Assist Dislocated Farmers" (National Governors' Association, 1985), and "State and Local Programs to Assist Dislocated or Displaced Farmers" (USDA, Extension Service, 1987), briefly discuss selected programs in a sample of states. None, however, documents and analyzes state implementation of JTPA programs, other state and local government programs, and private sector activities to assist dislocated farmers. To meet this objective we selected six states to "represent" (as case studies) the agriculturally important areas of the nation. The criteria and rationale for selection warrant some comment.

The first criteria were to select states with a relatively large number of farmers and with a significant amount of farm financial stress, i.e. states with significant dislocated farmer problems and thus the potential for public and private assistance programs already in place. Next, we selected for geographical dispersion of the states among the major farming regions of the country, and for variation in the major types of farming. The reason for this was because the labor requirements, labor distribution during the year, and the profitability of the various major enterprises in recent years would affect program participation. Finally, we looked for variation in the extent of off-farm work by farm operators, as prior off-farm work experience was expected to facilitate farm to nonfarm occupational mobility.

The six states selected (and the regions they "represent") were Georgia (the South), Iowa (the Corn Belt), Nebraska (the Plains), Montana (the West), and Wisconsin and Michigan (the Lake States and the East). The American Bankers Association (ABA) has clustered all states into the above regions based on similarities in farm foreclosure rates, bankruptcy, and financial stress-related farm exit, using data from a survey of their member agricultural banks (USDA March 1987). The six selected states contain 17 percent of the nation's farms, contain 18 percent of the farmland, account for 21 percent of all cash farm receipts, and contain about one-fourth of all financially stressed farmers in the nation (US Department of Commerce; USDA March 1986; Hanson). The mean debt-to-asset ratio of farmers in each state was above the national average.

Diversity in type of farming was achieved among the selected states. The major agricultural enterprises, measured by percentage of gross sales of farm products, were as follows: Georgia (34 percent poultry, 25 percent soybeans and peanuts); Montana (49 percent beef cow-calf and 30 percent wheat); Nebraska (46 percent cattle feeding and beef cow-calf herds, 30 percent feed grains); and Wisconsin (59 percent dairy). In Iowa, 92 percent of agricultural sales were concentrated in just four enterprises (swine 28 percent, feed grains 23 percent, soybeans 22 percent, fed cattle 18 percent). In contrast, Michigan's agricultural sales were dispersed among a dozen major enterprises, with dairy sales being the largest segment with 26 percent.

Variation in the extent of off-farm work by farm operators can be observed among the selected states as well. In Georgia and Michigan about half the farm operators had a principal occupation other than farming, compared with 21 to 29 percent in the other states. Similarly, 40 percent of the operators worked off-farm 200 days or more in Georgia and Michigan, compared with about one-fourth in the other four states, and one-third in the nation as a whole (U.S. Department of Commerce).

Initial contact and inquiry in each state was with the state departments which had responsibility for labor and manpower, health and human services, vocational training, and the Cooperative (Agricultural) Extension Service. From these structured inquiries and discussions, we identified examples of local government and private sector programs for study. At all levels, our inquiry focused on policy or program characteristics, farmer eligibility and participation, effectiveness, obstacles encountered, and the reasons for program success.

Georgia Dislocated Farmer Programs

In mid-1986, the American Bankers Association (ABA) conducted its annual survey of agricultural banks to gather information about the financial conditions of farmers and agriculturally-related businesses across the country. The survey revealed that farm financial conditions in the South deteriorated more than in other regions during 1985-1986.[11] In fact, between 1983 and 1986, conditions in the South have been worse than, for example, in the Plains and the Corn Belt (USDA, March 1987).

Georgia had 49,630 farms averaging 248 acres in size in 1982.[12] Poultry and egg production were the largest source of farm sales, at 34 percent of total sales, and oil crop production, including soybeans and peanuts, was the most important crop enterprise. Part-time farming was common, with 53 percent of the farmers having a principal occupation other than operating a farm (US Department of Commerce). There were an estimated 3,527 financially stressed farmers in Georgia at the start of 1987 (Hanson).

Despite indications that farm financial stress in the South is relatively severe, the interest in and implementation of dislocated farmer programs is relatively less than in some other regions of the country, especially the Plains, Corn Belt, and Lake States. For example, in January 1986, the National Governor's Association sponsored a forum on dislocated farmers. Fifteen states participated, representing all major Census regions of the country except the South (National Governors' Association, 1986). In addition, none of the Delta or southeastern states have applied for a JTPA Title III discretionary grant primarily to serve dislocated farmers.[13] Georgia is typical of other states in the region insofar as its dislocated farmer programs are not coordinated at the state level. The state has not modified the standard JTPA Title III eligibility guidelines, although it has specified that farmers are eligible for dislocated worker programs.[14] The state JTPA office has also conducted training programs with Extension agents and others who might be able to refer dislocated farmers to state Employment Service offices.[15] Two programs have been set up specifically to serve dislocated farmers with Title III formula funds. These programs, as well as efforts by the Georgia Department of Agriculture and the Cooperative Extension Service, are described below.

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[11] In addition to the Census Delta States (Arkansas, Louisiana, and Mississippi) and Southeast (Alabama, South Carolina, and Florida) regions, the ABA's definition of the South includes Kentucky, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia.)

[12] For purposes of its Census of Agriculture, the U.S. Department of Commerce states that "the number of operators [or farmers] is the same as the number of farms."

[13] In program year 1986, Alabama received a discretionary grant of $500,000. Dislocated farmers were listed among the target groups for this grant although most services have been provided to other rural workers. (Telephone interviews with Dennis Hopper, September 9 and 16, 1987).

Georgia Department of Agriculture

The Department of Agriculture operated a farm crisis hotline in 1985-1986 to provide emergency referrals to families who were experiencing financial or emotional stress.[16] During its 15 months of operation, the toll-free line received about 1,500 calls. Callers were referred to the Cooperative Extension Service; the Georgia Department of Human Resources, Division of Mental Health; or to emergency providers of food and other necessities. The hotline was not funded in 1987.

The Department is currently focusing on production and marketing alternatives designed to improve farm income rather than on short-term crisis programs.

Cooperative Extension Service

Farm management specialists in the Cooperative Extension Service (CES) handled roughly 300 referrals from the crisis hotline in 1985-1986. Callers in need of financial counseling received individual assistance from either state CES staff or county agents. The assistance included preparation of a financial profile and review of the family's goals and objectives. Families whose farm business appeared unlikely to provide adequate income without supplemental sources were counseled to seek off-farm work, and were sometimes referred to the Georgia Job Service or vocational colleges.[17]

Family Farm Assistance Program

In summer 1986, the Department of Vocational and Adult Education (VAE) at Georgia Southern College began organizing an employment training program for dislocated farmers. VAE applied for Georgia JTPA Title III formula funds and received about $100,000 to set up and run the Family Farm Assistance Program for one year. The program, whose staff consisted of a counselor and a secretary, continues to operate at Georgia Southern College and expects to have a budget of roughly $87,000 for the period October 1987 - June 1988. The target clientele has been expanded to include other dislocated workers. The program serves 15 counties in southeastern Georgia. VAE is the service provider on the project for the Okonee Area Planning and Development Commission.[18]

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[14] Phone conversation with H. G. Gweisman, State JTPA Liason, September 20, 1987.

[15] Phone conversation with Andrea Harper, September 22, 1987.

[16] Phone conversation with Brad McKinsey, September 23, 1987.

[17] Phone conversation with Ron Atkinson, September 27, 1987.

The Family Farm Assistance Program provided career counseling and assessment, job search training, CRT, job development, and job placement. Counseling and assessment services were provided on an individual basis. Workshops or classroom situations were not feasible because of the number and wide geographic dispersion of participants. Services were provided in a variety of settings, including County Extension offices and the homes of participants.

Although the program had funds for classroom training, only two participants chose this option. The rest received job search assistance. The program's coordinator, Tom Rigsby, indicated that participants were interested in returning to work immediately rather than in obtaining further training. He suggested that many participants in the process of foreclosure were not currently working and would benefit by using the time for training purposes.

Mr. Rigsby initially attempted to secure letters from creditors verifying that applicants were no longer able to secure credit. However, he found that farmers were often reluctant to request such letters, thinking that their lender might then be more likely to foreclose. Therefore, he now accepts letters from County Extension agents stating that the applicants are not able to continue farming as evidence of displacement. Spouses and dependents are eligible only if they have written proof that they regularly work on the farm. Twenty-one percent of program participants have qualified on the basis of letters from lenders, 46 percent on letters from Extension agents, 12 percent on copies of bankruptcy petitions or discharges, 8 percent on foreclosure deeds or proofs of sale, and the remainder on the basis of notice of termination or layoff from employers or supervisors (in farm or ag-related businesses).

During the first year of the program, services were provided to about 60 farmers. Twenty-five farmers and farm family members actually enrolled in the program. Because some of the enrollees are still looking for work, statistics for the first year are estimated and may be revised. About half of the people served by the program continue to farm on a reduced, part-time basis.

Roughly 60 percent of the first year participants were placed in employment at an average hourly wage of approximately $6.00. One half of the jobs resulted from direct referrals by program staff. Most occupations were semi-skilled. They included printing press operator, truck driver, and telephone equipment installers.

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[18] Phone conversations with Tom Rigsby, September 23 and November 16, 1987.

Program staff promoted their services through extensive media coverage (farm and general audience newspapers, television, and radio); lenders; county Extension and other agricultural program offices. According to Tom Rigsby, none of the outreach efforts achieved the expected number of program applicants. He attributes part of the problem to farmers' unique situation--they often take years to make a transition out of farming, and hold on to the farm until their finances are desperate. Thus many potentially eligible farmers might benefit from employment programs, but do not see themselves as having left farming or capable of finding other jobs. This conclusion was corroborated by state-level JTPA staff.[19]

Another factor involved in the program's low enrollment rate, according to Rigsby, is the mismatch between farmers' managerial capacity and skill requirements of available jobs. He suggests that reaching dislocated farmers and designing appropriate employment programs will require long-term, coordinated efforts on the part of all agencies and institutions involved in agriculture. Programs that rely on a single funding source, such as the Family Farm Assistance Program, inevitably concentrate on achieving high placement rates in order to secure future funding, rather on providing the wide array of farm and nonfarm services needed by the clients.

As noted above, the program now provides services to other dislocated workers. Program staff recognized the need for broadening their clientele in light of dislocation caused by local plant closings. At the same time, they saw the expanded program as a way to keep a structure in place to serve a target group (farmers) who tend to enroll only after the planting season, i.e. between November and March. Designing a program to serve both dislocated farmers and nonfarm workers is a creative and potentially successful strategy for overcoming seasonal outreach problems.

Displaced Farmer Program

In August 1987, the Office of Continuing Education (OCE) at Augusta College began operating Georgia's second program for dislocated farmers. The program, which operates under a reimbursement contract with the state JTPA office, will offer its first series of workshops beginning in November. The workshops will take place on 13 nights over a 7-week period and will be held at the County Extension office in Waynesboro.[20]

Unlike the program operated at Georgia Southern College, the Displaced Farmer Program will function as a "feeder" to existing educational institutions and employment services. The workshops will offer aptitude testing, basic and vocational skills testing, career counseling and job search skills. The last workshop in the series will be a job and educational fair attended by program participants, local employers, and training providers.

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[19] Phone conversation with H. G. Gweisman, State JTPA Liason, November 16, 1987.

[20] Phone conversation with Freddie Flynt, September 29, 1987.

The program's coordinator, Freddie Flynt, hopes to enroll 25 participants in the first workshop series. Ms. Flynt has conducted similar workshops for other displaced workers, but has found that enrollment in the Displaced Farmer Program is proceeding slowly despite extensive local media coverage and cooperation from Extension agents.

Farmers Served by Other Programs

Applicants to Georgia's JTPA programs are asked whether they have had a "farm occupation." Of 1,830 Title III participants in PY 85-86, 53 (3%) had farm occupations. Fifty-one Title II-A participants had farm occupations. The placement rates among these individuals were 55% (III) and 39% (II-A). Since July 1, 1987, 3% of all Title III participants have had farm occupations.

Iowa Dislocated Farmer Programs

Iowa had 115,413 farms averaging 283 acres in 1982. Full-time farming was the only economic activity for half of the farmers, and the principal occupation of three-fourths. The income and spending of farm families is a major factor in the state's economy. Iowa's farming sector is dominated by the production of corn and soybeans. Swine production and cattle feeding are the major livestock enterprises (U.S. Department of Commerce). Corn and soybean prices declined at the start of the 1980's after several years of higher prices caused by increased export demand. Swine production and cattle feeding were generally unprofitable during the early to mid-1980's. Thus, Iowa farmers experienced financial stress early in the 1980's. The stress affected large numbers of farmers and its impact on Iowa was among the most extensive of any state. Hanson (1987) estimated that Iowa had 15,127 financially stressed farmers in 1987.

Because Iowa was hit early and especially hard by the current farm crisis, it was the site of some of the earliest and most extensive (but uncoordinated) efforts on behalf of displaced farmers. The national and state press reported extensively on the human side of the farm crisis in Iowa and as a result, the impact on farm families received wide publicity. Local church congregations were among the first to respond, followed by farm activist and support groups and social service providers.[21] Early activities focused on coping with family stress and on developing strategies to keep families in farming.[22] These activities emerged spontaneously throughout the state and sometimes developed into regional or statewide efforts.

Iowa Rural Work Group

Governor Branstad created a rural development task force to promote statewide coordination of services to rural Iowans. This group was charged with addressing several issues, including financial conditions in rural Iowa; potential state-federal program coordination; communication problems among those concerned about dislocated farmers; and the disparity between rural and urban economic growth. The group faced many problems--some farmer projects were politically motivated; policy and program decisions were often based on anecdotal evidence; and job training programs were designed to assist dislocated factory workers rather than self-employed individuals.

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[21] Phil Smith. On-site interview, July 29, 1987.

[22] Jeff Schlingmann. On-site interview, September 14, 1987.

The Iowa Rural Work Group was organized to meet the need for a structured, formal entity to address rural issues. The Rural Work Group has the Governor's support but has tried to maintain a non-partisan, non-governmental image. The governor encouraged state department heads to support the work group. They in turn sanctioned the participation of their workers. Membership in the work group includes 30 representatives of nine state government departments; two major farmer organizations; the Cooperative Extension Service; the state Job Training Coordinating Council; the Farmer/Creditor Mediation Service; a JTPA Service Delivery Area director; Iowa Hospital Association and the United Way. Several advocacy groups including Prairiefire, Interchurch Forum, Legal Services of Iowa, and Iowa Community Action Association are also members.

The Work Group's Director (a former state senator) and part-time staff are currently supported by the Department of Economic Development, which also administers JTPA. Permanent funding for the Work Group, including a salaried Coordinator, was included in a recent $200,000 allocation from the state legislature.[23]

The Work Group has a variety of activities. They include developing proposals for federal funds; organizing and conducting seminars and conferences; developing and sharing with other states a rural services delivery model; and the exchange of information about services (including employment services) available to Iowa's rural population. The work group also assisted the Cooperative Extension Service in obtaining USDA Section 1440 money for the Iowa Farm Family Transition Program.[24] They also helped the Iowa Department of Human Services obtain National Institute of Mental Health funds for Iowa's Rural Mental Health Demonstration Program.

The Iowa Rural Work Group initiated a state-wide computerized "Information and Referral Project" in the summer of 1987. The purpose of this project is to organize a "user friendly" computer data bank consisting of information from 3,500 to 5,000 agencies and organizations throughout the state in the following subject areas: counseling; education; employment and training; housing; health; legal; finance and management; and general support. Individuals or agencies can review available services, and receive a printout describing those about which they are most interested. By typing in their own name and address, the users can receive a printed letter that they can send to the service, indicating their interest or need.[25]

The data bank was not completed and the program not in use in September 1987. When it is completed, the data bank will be available to any agency that has an IBM-compatible, hard-disk personal computer. In the initial five-county pilot area, data banks will be located in Cooperative Extension Service offices, community colleges, community action agencies, banks, Farm Bureau Offices, etc. Service providers that are included in the data bank will receive a tally of how many persons make inquiries about them.

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[23] Tom Slater. On-site interview, September 1987.

[24] Section 1440 of the 1985 Food Security Act provides special grants to assist financially distressed farmers. It is described more fully later in the report.

[25] Dennis Fetters. On-site interviews, September 9 and 10, 1987.

Mental Health Services and Dislocated Farmer Programs

Mental health services in Iowa were directed toward assisting farm and rural families address the psychological aspects of financial stress and farm exit. These were not job training or placement programs for dislocated farmers, but were preconditions for such programs.

Iowa Department of Human Services. The Division of Mental Health, Mental Retardation, and Development Disabilities within the Iowa Department of Human Services has had an active role in responding to the rural crisis in Iowa. The involvement by the Division was perceived as a need for outreach services beyond what was typically provided within the existing mental health system. It was expected that the pride and individualism of farmers would cause them to view mental health services with skepticism and reluctance.

In late 1984, the Division was asked to provide training on the psychological impact of loss and grieving to personnel at the Iowa Dislocated Worker Centers. This evolved into a program which trained professionals to help deal with the farm situation, identified resources and methods at the community level to promote supportive activities, and worked cooperatively with other groups and organizations to address the needs of the farm population. Regional workshops for non-clinical personnel (including hotline staff) were held.

With financial support from the National Institute of Mental Health, the Department also developed a county-by-county directory of rural support groups and peer helpers in Iowa.

Additionally, the Division awarded grants to county mental health centers to enhance their rural outpatient consultation and educational services. The first grant of $52,000 was made in 1985. Grants in 1986 totaled $282,000 and $334,000 in 1987. Over 30,000 rural Iowans received services as a result of these allocations (Ehrhart).

Northwest Iowa Mental Health Center. This Center is one of 34 private, nonprofit units in the state, and serves a nine-county area. It provides educational and consulting services on the human impact of the rural financial crisis to individuals and groups. The Center's rural crisis educational efforts were reported to have reached over 22,000 persons in the two years. The Center provided assistance in the establishment of a Vista project in six counties, and provided community counseling regarding bank closings (Blundall).

Iowa Inter-Church Agency for Peace and Justice

Many churches have assisted financially distressed farm families by raising public awareness of the issues and by providing support and informal counseling. The Iowa Inter-Church Agency for Peace and Justice serves as a resource to churches by teaching them how to identify farm families in need and how to provide direct services. It is supported by a dozen denominations, many of which also work directly with farm families.[26]

Church programs assist farm families during the period of denial, anger, helplessness, and grief that accompanies severe financial stress. Helping them through these stages brings the family more quickly to the point where they can again make career decisions regarding job search and employment training.

Iowa JTPA Dislocated Farmer Programs

Since 1985, labor and employment issues have been handled in two separate departments. The Department of Employment Services has responsibility for Unemployment Compensation and the Job Service employment activities. The Department of Economic Development has responsibility for JTPA activities through their Job Training Division. The Administrator of that Division is also the state JTPA liaison.

There are 16 SDA's in the state and each has a Dislocated Worker Center (DWC) for service delivery to dislocated workers (including farmers since July 1984). The Job Service and JTPA are usually located together in the SDA offices and the Job Service is part of the referral service used by the JTPA program. There is close communication among the PIC's, the Chief Elected Officials, the Department of Employment Services, and JTPA programs.

JTPA is described in the Iowa information brochure as being a "federally funded employment and training program designed to assist economically disadvantaged and long-term unemployed individuals enter or re-enter the labor market." The brochure specifically cites dislocated farm workers and dislocated farm operators as target populations. Farmers, spouses, and adult children are eligible for JTPA programs if they provide documentation from a lender that they cannot borrow to conduct their farm business; have filed bankruptcy; have received a foreclosure notice; or have evidence of low income for the past twelve months. In addition, they must declare that they will probably change occupations. It is the intent of the Iowa JTPA program to serve farmers who are leaving farming for another occupation.

Dislocated farmer programs provide pre-employment services such as skill assessment; job seeking skills; and remedial basic skill training (which are usually not needed by farmers). Some Dislocated Worker Centers include OJT,

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[26] Roz Ostendorf. Iowa Inter-Church Agency. Telephone interview September 9, 1987.

CRT, vocational exploration at a work site, and work experience through a short-term or part-time assignment to a public sector employer.

The Iowa JTPA program funded some demonstration work on outreach techniques and some jointly sponsored conferences. A 30-site, three-hour, TV-link training session for farmers, grassroots advocacy groups and ministers was developed with the Cooperative Extension Service and others.

During the planning year ending June 30, 1987 Iowa JTPA programs enrolled 820 farmers and 2,140 nonfarmers, totalling 2,960 persons. Of that total, 994 were funded by Secretary's Reserve Fund grants and 1,966 by formula funds. The entered employment rate among dislocated farmers is 70 percent; the average starting wage is $5.71. No information on the job retention rate is available. Average cost per entered employment is $2,342.

The Iowa JTPA Liason identified the following characteristics of successful dislocated farmer programs:[27]

First, interagency coordination in programs and projects is important. Groups that had not worked together in the past found that they could be effective in joint activities.

Second, outreach work should be done by persons who are dislocated farmers themselves. Outreach efforts must rely on channels that farmers use. Staff should recognize that channels used to reach persons in need of welfare assistance are not likely to reach dislocated farmers. Outreach efforts should include brochures, posters and personal contacts at farmers' gathering or business places, including banks, other lenders, sales barns, and restaurants.

Third, farmers want confidentiality in their relationships. They often need financial and stress counseling over a long period of time before they make the decision to leave farming.

There were two U.S. Department of Labor Secretary's Reserve Fund (JTPA Title III discretionary funds) projects in Iowa. One was for $500,000 and provided service through June 1987 in four SDA's at Creston, Carroll, Fort Dodge, and Spencer. A second grant of $122,500 was made to the Indian Hills SDA in Southeast Iowa, funding a program that also ended in June 1987. Three of these five programs are described below.

Creston Iowa JTPA Program. The director of the SDA at Creston, Iowa was one of the first Iowans concerned about making JTPA available to farmers. Creston was selected as one of the sites for the first Title III discretionary projects for farmers in Iowa. The eighteen-month project ended in June 1987, and new proposals were made on behalf of the interested service delivery areas.

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[27] Jeff Nall. On-site interview, September 9, 1987.

Creston is located in southern Iowa in an area of rolling to hilly topography with a significant part of the land in woods and permanent pastures. Creston is a trade center and county seat with a population of 8,400. The Creston area is particularly disadvantaged. Median family income is $12,000 and five of the thirteen banks in a seven-county area have closed in recent years.

The project at Creston was designed to give farmers the opportunity to select and make choices regarding employment assistance activities and schedules. For example, they might select a part of the program that was offered twice each year for a six-week period, meeting for 30 hours per week. Subjects offered in that program were stress management; pre-employment training, (e.g. preparing a resume, practicing job interviews, and studying the job market); communication skills; and computer classes. Alternatively, they could select a program relating to skills needed for a new occupation and designed for people that needed jobs and income immediately. That 40-hour course was offered once each month and lasted for one week. The programs were well received in the Creston area.

Financial support for persons involved in these training programs included transportation and child care. Tuition costs were paid for those participants who enrolled in CRT at a community college. Creston community college offered free tuition for courses in their two-year curriculum for any person that met JTPA eligibility criteria. In addition, Graceland College at Lamoni, Iowa has provided free tuition for fifteen dislocated farmers enrolled in four-year degree programs. These farmers also meet JTPA eligibility criteria.

When the dislocated farmer program was begun at Creston, a female dislocated farmer was hired for the outreach. Most farm operators are male, and it is useful for program managers to know that female outreach workers have been effective in reaching the predominantly male audience. The major obstacle to the program was difficulty in letting people know that it was available. Staff tried various methods, including advertisements in shopper newspapers, radio announcements, posters in sales barns and at lender offices, and mail-out brochures. Getting people started in the program was the biggest problem, but once started, contact with new people came about by word of mouth. November through February proved to be the best months to recruit persons who might be eligible for the program.[28]

A second obstacle was the discontinuity of funding. Funds from the discretionary grants were awarded late and the program began with short lead time. It continued for eighteen months and there will be a gap of at least several months before it can be refunded and started again. This discontinuity and short planning horizon makes counseling of farm families difficult as their decision to leave farming is often a lengthy one. There is difficulty in hiring and keeping the best staff, and difficulty in maintaining good working relations with complimentary agencies when a program is of an indefinite life.

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[28] Jerry Smith. On-site interview September 10, 1987 and telephone interview November 17, 1987.

The participants in Creston included farm operators, spouses, and other family members. During the program year ending June 30, 1987 there were 162 participants. All received job search assistance, 40 (25 percent) received OJT, and 22 (14 percent) received CRT. Seventy percent entered employment, and averaged $5.15 per hour in their new work. About 80 percent were over 40 years old and almost all were high school graduates. Very few had any college training. Four received remedial basic training in reading and mathematical skills, a low rate compared with nonfarm dislocated workers. About one-half of the participants found manufacturing jobs, while truck driving, clerical, and computing jobs were common for the remainder. The Creston program hired a job development staff person to work with potential employers in creating jobs that fit the skills of dislocated farmers.

Carroll Iowa JTPA Program. Carroll is a farmer trade center and county seat in western Iowa, with a population of 9,700. It is a good farming area, with corn and soybeans as the major crops. Cattle feeding in farmer feedlots is also important in the area. Eligibility criteria for the Carroll dislocated farmer program were the same as for other programs in the state. A dislocated farmer was hired to work in the program and when the program ended on June 30, 1987 after eighteen months, he was kept on as a Job Developer.

Initially, outreach involved advertisements in newspapers, working through churches, radio spots and meetings. Staff also used a mail-out brochure but found that it was ineffective relative to its cost. The best contacts were made through leads provided by the Cooperative Extension Service, churches, civic groups, county supervisors and local support groups. In response to such leads, the Dislocated Farmer Specialist often visited with farm families in their homes.

A major problem was that people did not want to be seen at an agency associated with financial assistance. A second obstacle was the difficulty on the part of some farmers to realistically evaluate their prospects in agriculture, a process which often took several months.

For employment skills evaluation, the Carroll program used the General Aptitude Test Battery (GATB) provided by the state office of the Employment Service. The test measures aptitudes in such areas as manual dexterity and optical aptitude and relates the results to particular occupations. The program also used a separate test to evaluate the participants' occupational interests. Test results helped determine whether participants were employable or needed further education or training. Staff found that the tests were particularly useful for younger farm operators.

Testing was followed by small group pre-employment training designed in part to increase participants' motivation to seek new employment. This training lasted nine weeks, 3 hours per day, 3 days per week. One day each week was used for job search. The program now lasts only four weeks and is considered to be as effective in meeting program objectives.

After pre-employment training, the dislocated farmer entered the program's job search component. All participants received job search assistance. They were contacted every two weeks for the next three months by the Displaced Worker Specialist and asked about their activities and success. In May 1987, the program reported a placement rate of 81 percent for 62 participants, at a cost of $2831 per person who entered employment. Average hourly wage at placement was $5.16. Occupations among participants who found jobs included mechanics, welders, and low skill technicians. Few manufacturing jobs are available in the Carroll area.

Forty-eight participants (77 percent) were place in OJT. This component of the program provided six months of 50% subsidized employment at least 25 hours per week, usually at $5.00 per hour. Fourteen participants (23 percent) received institutional skill training in the classroom, often at their local community college. Participants were required to apply for Pell Grants and were generally successful. The CRT program lasted a maximum of two years and had the flexibility to permit former teachers to take the coursework they needed to be recertified. Child care costs of $1.25 per hour were reimbursed.

Work experience in public sector jobs that paid $3.25 per hour was also available to dislocated farmers. No farmers participated in this component of the program.

Program staff suggested that OJT was the most successful part of their program because it gave the employer an opportunity to test the abilities of the employee. To discourage employers from firing OJT participants, the Carroll program paid 35 percent of the trainee's wages plus a 15 percent bonus if the trainee was still employed after six months.

Although the Title III worker discretionary grant has ended in Carroll, the program continues at the same level and is supported by Title III formula funds.[29]

Spencer Iowa JTPA Program. The program at Spencer began in January 1986 and ended June 30, 1987. Ninety-two participants enrolled in the program. Eligibility criteria were the same as in the other areas. In addition to Reserve Account funds used for operators and spouses, JTPA Title II-B funds were used to provide services to children in farm families.

From the beginning of the program, program staff recognized farmers' unique characteristics, including farmers' independence and the difficulty they had in accepting their financial circumstances. The program concentrated on helping financially stressed farmers become interested in finding a new occupation. It focused on finding jobs that fit the farmers' skills; sending them to school for re-training; and in some cases provided relocation assistance.

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[29] David Freese, JTPA Farm Employment Specialist, Carroll, IA. On-site interview, September 11, 1987.

The program cooperated with area colleges (including a school in southern Minnesota) to provide direct vocational training. Financial support included transportation, tuition, and child care. At the Spencer center, these costs were sometimes shared with other agencies.

Outreach to farmers worked best by word of mouth. Radio, posters, advertising, and workshops with other agencies were also used but these apparently resulted in little response from farmers. The staff person for the Spencer program was a farmer who had experienced a financial crisis and had come to the agency looking for employment. He has been a key factor in the success of the program. He personally knew some families that were in financial trouble and first began working with them. He was conscientious, followed up on the interviews, and had a positive attitude.

Participants in the Spencer program took a comprehensive interest and experience test called "Job Tap Assessment" distributed by McGraw-Hill. This four and one-half hour exam is designed to identify participants' work skills and occupational interests. Test results identify five career options for the participants from a set of about one hundred careers that were available in the community. At Spencer, individual instruction and pre-employment training was handled by JTPA staff and was not contracted out to community colleges. The objective of providing these services in-house was to keep control of the content and make it more directly useful to farmers.

Of the 92 program participants, 23 (25 percent) received OJT, 22 (24 percent) received CRT, and 53 (58 percent) received job search assistance. No one received remedial skill training or work experience. A relatively large proportion of the participants moved out of the area to find employment. Those that received OJT were trained locally because the JTPA staff had to monitor the contract.[30] Job development was'a major effort in the Spencer JTPA program.

The Spencer dislocated farmer program reported a cost per entered employment of $2,058, an average wage of $6.49, and a 93 percent rate of entered employment. Most new occupations were not farm-related. They included an accountant, truck driver, teacher, teacher's aid, mechanic, hotel manager, draftsperson, security guard, computer programmer, psychologist, financial consultant, medical records clerk, real estate sale person, purchasing agent, welder, and electronics manufacturing worker. Two participants were hired as farm managers.[31]

According to the Director of the program, one obstacle to program effectiveness occurs when staff absorb and bear the burdens of their farmer clientele to the point that it affects their working ability. Another obstacle is that the one-year budget cycle is inadequate for getting farmers into a twenty-four month training program. Few farmers were ready to enter jobs and most needed additional job training, which takes a relatively long period of time.

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[30] Kruger, Gene. Telephone interview November 18, 1987.

[31] Jeff Schlingmann. On-site interview September 14, 1987.

Program staff expressed the opinion that agencies and groups that did not understand farming had given farmers excessive notoriety and attention. As a result, farmers were unwilling to work with any agencies and in some cases postponed their decision to leave farming longer than they should have. On the other hand, staff were generally pleased with the exchange of information among agencies concerned with dislocated farmers. They felt that such cooperation improved program effectiveness.

Iowa JTPA Distressed Farm Family Program

The Iowa JTPA set aside $275,000 of the JTPA 8 percent state education coordination grant funds to serve "distressed" farm families. This set-aside represents the 25 percent available under JTPA Section 123 to serve non-economically disadvantaged participants. The Iowa Department of Education developed contracts with eight SDA's to provide services to farmers who are not eligible for the JTPA Title III programs. These farmers may be in the process of losing their farms or may need secondary sources of income. About 500 farm families in the state were served under these contracts. Project costs ranged from $6,000 to $55,000.

This program provides comprehensive assessment counseling, pre-employment training, flexible short-term training and re-training. Several projects include a short course to train distressed farmers in augmenting their farm operations with a home-based business. Short course topics included legal considerations of starting a new business; financing; developing a product or service; marketing; and day-to-day business management.

Des Moines Area Community College

A program to assist farmers, agriculturally related workers, and their spouses in exploring new career options was initiated by the Des Moines Area Community College (DMACC) on December 1, 1985. The program is called FARM/CAP, with CAP referring to Career Assessment Program. The FARM/CAP program was funded by a $75,111 grant from an anonymous private corporation.

The DMACC is a state-supported community college serving a district in central and western Iowa containing about 20 percent of the state's population. Staff members worked with local farmer support groups to find ways in which this primarily vocational and technical school could assist farmers. The FARM/CAP program was developed from these efforts. DMACC undertook an extensive informational campaign about the program, including mailing 7,000 brochures.

Any farm family interested in participating was considered eligible. The FARM/CAP program began with nine half-day workshops held at eleven locations in the district. The first 20 hours of the program were directed toward career planning. Through a variety of activities the participants discovered career and life options based on assessments of their past experience, interests, skills, abilities, and values. Career options included continuing to farm, part-time nonfarm employment, full-time nonfarm employment, and vocational training.

The remaining 16 hours of the program dealt with job search assistance and were offered in cooperation of Job Service of Iowa. Participants developed job seeking skills by completing applications, preparing resumes, and practicing interviewing skills. Following the workshops, the participants were asked to go to a DMACC campus for individual counseling and interpretation of their test results. Job placement and job development services were provided three to six weeks later in workshops held for those still looking for employment.

As needed, FARM/CAP participants were referred to CES on farm financial management programs, Job Service of Iowa, the Iowa Farmer-Creditor Mediation Service, JTPA dislocated farmer programs, the Department of Human Services, or to vocational training programs at DMACC, Iowa State University, Drake University, or other educational institutions.

During the first five months of the FARM/CAP program, 11 workshops were held and 201 participants enrolled. About 60 percent of the participants attempted to find jobs and two-thirds of those were successful. The average cost per participant in the program was $233, or about $600 per entered employment.

The FARM/CAP model was effective with farmers and was designed to be transported to other settings and personnel. About $26,825 of the grant was allocated to utilize the model with three other colleges in the state and one in Illinois. The program was repeated in 1987 but farmer participation fell by more than 50 percent.[32]

Iowa Cooperative Extension Service

As in other states, the Cooperative Extension Service (CES) in Iowa has state specialist faculty officed at the land grant university and county faculty in each of the state's 99 counties. Areas of expertise most relevant to the dislocated farmer issue include agricultural production, farm management, family living, and community economic development. The CES is primarily an educational institution. While programming for farmers is often vocational in nature, vocational training *per se* is not its function.

The CES Assist Program. In 1984 the Iowa legislature made a special appropriation to allow CES to expand programming in farm financial management and farm family counseling. It was directed at the 30,000 Iowa farm families with debt-to-asset ratios greater than 40 percent, who were carrying about two-thirds of the total Iowa farm debt load. About 1,000 farm families were reached during spring 1984. One purpose of the program was to raise the awareness of community leaders and officials about the scope and severity of farm financial problems. The program provided free farm financial analysis and counseling on family stress and conducted short courses for community development persons and other agricultural professionals directly affected by the farm crisis. The program did not provide assistance in preparing for non-farm employment. The program did establish referral networks, particularly with the Dislocated Worker Centers, Job Service of Iowa, community colleges, and the Iowa Department of Human Services.

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[32] FARM/CAP program, DMACC, Ankeny, Iowa. Telephone interview, October 12, 1987.

Iowa CES received a $480,000 grant from USDA Section 1440 funds. This grant supported the Iowa Farm Family Transition Program.[33] The purpose of the project was to help farm families adjust to change and develop income alternatives, specifically to improve emotional readiness and job seeking skills, make sound financial planning decisions, and improve linkages between agencies delivering services to distressed farm families. The project was viewed as being consistent with training services. The program hired paraprofessionals to work with farm families. It provided family counseling, skill assessment, goal evaluation, job search assistance and cooperation with JTPA and community college programs. It was projected that this program would serve 2,400 distressed farm families. (Cooperative Extension Service, Iowa State University).

Rural Concern. The Rural Concern Hotline is administered by the Iowa State University CES in cooperation with the Iowa Department of Human Services and United Way of Central Iowa. The hotline operates 24 hours a day and is available statewide. It provides information, referrals and counseling on financial and legal problems, job questions, and basic needs. In its first ten months the hotline received 6,445 calls. Some callers raised more than one issue but 85 percent had financial questions; 44 percent raised legal questions; and 44 percent discussed emotional, family, or basic needs questions. Only 5 percent asked for employment or education information.

The hotline refers callers to a variety of organizations and agencies. Many callers are referred directly to CES programs for financial management consultation and stress management help. Lender referrals are made to the Farm Credit System, the Iowa Bankers Association, and the Farmers Home Administration. Most legal calls are handled by a CES staff attorney or the Agricultural Law Committee of the Iowa Bar Association. The hotline linked farm families with services they had not used in the past, such as the Iowa Dislocated Worker Program, Community Action Programs, mental health centers, and the Iowa Department of Human Services for basic needs of food, shelter, and medical help. About seven percent of the referrals were to employment, training, or education support sources.

Rural Concern has also helped new services meet the needs of stressed farm families. For example, a hospital in Des Moines provided $100,000 worth of free hospital care for farm families in a seven-county area and 30 doctors associated with the hospital volunteered their services. A special fund has been developed through a Des Moines church to assist Rural Concern callers with emergency needs. In cooperation with church groups, Rural Concern also compiled a county-by-county resource directory.

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[33] Diane Flynn. Project Coordinator, Iowa Farm Family Transition Program. Cooperative Extension Service. Telephone interview, October 26, 1987.

Michigan Dislocated Farmer Programs

Michigan had approximately 58,661 farmers in 1982, of whom 40 percent worked off the farm full-time. About one-half claimed farming as their principal occupation. Farming is very diversified in Michigan, with dairy products the largest single sales category (26 percent) and feed grains and all meat animals each being about one-sixth of total sales (US Department of Commerce). The USDA estimated that 3,583 farms were close to liquidation conditions at the start of 1987 (Hanson).

Michigan's JTPA Title III Program

Michigan's statewide dislocated farmer program is funded with Title III formula money administered through the Governor's Office for Job Training. In the planning year ending June 30, 1987 the office funded 32 dislocated worker projects reaching 8,831 participants with a variety of contractors including unions, employers, private proprietors, community colleges, community based organizations, veterans' associations, Private Industry Councils, and joint labor-management associations. One of the projects, for which the Cooperative Extension Service (CES) at Michigan State University (MSU) is the contractor, is targeted at all dislocated farmers in the state.[34] In general, local PIC's have not been involved in this project.

The proposal for a statewide dislocated farmer program administered by the CES was initially developed by Professor Colleta Moser. Dr. Moser is a public policy specialist in employment, training, and economic development in the Department of Agricultural Economics at MSU. The program began in March 1986 with $350,000 and was extended for the remainder of 1986 with an additional $566,000 of JTPA money. In July 1987, the program received another $350,000.[35]

The program operates in 81 of the state's 83 counties. Farmer applicants must meet at least one of three financial stress criteria to participate in the program. He or she must: a) have received a notice of farm foreclosure; b) have filed for farm bankruptcy; or c) have a debt-to-asset ratio of 40 percent or more. Whether an applicant is eligible is largely self-assessed.

It is noteworthy that program participants are not required to leave farming. That is, any farm household that has a debt-to-asset ratio of 40 percent or more is eligible regardless of their future farm business plans. The effect in one rural area has been that nearly all of the approximately 250 farmers who have participated continue to farm and are only looking for part-time jobs.

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[34] Randolph Doby and Ana Archer. On-site interviews, August 4, 1987.

[35] Colletta Moser. On-site interviews, August 2 and 3, 1987.

Participants may be either a farm operator, the spouse or child of an operator, or a hired farm worker. Participants must have "actively participated in the farm business as a laborer, record-keeper, decision-maker, or risk-taker." In one case, a farm husband, his wife and three sons--as well as four farm employees--participated in the program and found nonfarm employment.

Farmers' rapid acceptance of and response to the Michigan program is attributed to the fact that CES is the prime contractor. The program is conducted by local county CES agents. Applications and questions are handled in the familiar setting of the county CES office. Thus, there is little reason for the reluctance that comes from dealing with strangers in an unfamiliar setting, or for any stigma to be associated with such a visit.

In addition to handling program applications, the CES county faculty provide financial management and family stress counseling as needed. These services are reported to be a key part of the program because the farm operator must come to the conclusion that some change is necessary before any positive action can follow.[36]

The primary purpose of the CES dislocated farmer program is to provide assistance tailored to the needs of the farm family. This involves coordination with many other entities because many services are contracted out to specialized units. Of the 451 participants, 66 (15 percent) participated in OJT and 111 (25 percent) in institutional classroom vocational training. All received job search assistance. We describe these services below.

Skills assessment, job search training, group self-help sessions, and job referrals are provided by the Employment Service Commission of the Michigan Department of Labor under contract with the CES. Job Club, a private firm, also provides similar services under contract.

Vocational training is provided by Intermediate Schools, also under contract with the CES. Students are transported by bus to the schools or "skill centers" (which are usually associated with high schools) for half-day training sessions. In addition to vocational training, the skill centers provide skills assessment and job search training, and have a computerized job matching/job placement service. The latter service duplicates the system used statewide by the Employment Service Commission (ESC). Farmers are said to prefer the skill center job placement service because it is more likely to be located near their communities and is less impersonal. In addition, the skill centers do not carry the stigma of going to the ESC office, which also serves Unemployment Insurance applicants.

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[36] Roger Morrison. On-site interview, August 3, 1987.

Classroom training is provided by Michigan's two-year community colleges. The CES contracts with community colleges to provide instructional programs of up to six months if such programs are targeted toward demand occupations.

OJT absorbs the majority of CES training funds. OJT contracts provide up to 50 percent of the wages for a maximum of six months of training, depending on the job's skill requirements.

The JTPA program provides funds for the services described above as well as for day care, transportation, books, and tuition. The program does not provide a living allowance or stipend for trainees.

Through May 1987, the CES program had enrolled 451 persons, of whom 25 percent entered employment. The cost per entered employed averaged $4,249. The average wage rate of job placements was $6.96 per hour.

Examples of new occupations include the following: building trades, manager of fast food restaurant, pole barn construction, welders, orchard workers, truck drivers, landscaping services, hired worker on farm, farm herdsman, secretarial work, word processing, teacher re-certification, custodial, and highway maintenance worker.

Two elements of Michigan's JTPA program have had considerable impact on how the program functions and on participant job placement. The first is the eligibility criterion that permits and encourages part-time farmers who plan to continue farming to receive assistance. This criterion tends to decrease the job placement rate because continuing farmers are less pressed to find new employment than are dislocated, unemployed farmers. The second element is the use of the Cooperative Extension Service (CES) at Michigan State University (MSU) as the prime contractor. The Extension office has proved to be a non-threatening intake location for participants. At the same time however, the program has added unsolicited responsibilities to the local extension offices and may have resulted in unusually high workloads.

The current CES-JTPA program in Michigan is scheduled to end on June 30, 1988. At this writing, it is planned that the CES leadership role will be shifted to local contractors such as the PICs, Community Action Agencies, etc. The CES role would be to provide the statistical data to support grant applications, and for the county CES offices to continue as the intake location. This would preserve the neutral site advantage of the CES office and place the operation of the program in agencies with more experience in this kind of activity.[37]

Other Dislocated Farmer Assistance

The Michigan Department of Agriculture, through its Agricultural Assistance Network, supports a farmer hotline (phone 1-800-346-FARM).

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[37] Roger Morrison. Telephone interview, November 23, 1987.

A recent summary of calls indicates that of 1,443 requests for assistance, 1,215 pertained to credit inquiries, 243 to financial management, 150 to legal services, and 170 to human services. Inquiries about non-farm employment training and placement were not specifically identified.

Some local churches have applied to the Governor's Office for Job Training for JTPA dislocated worker funds. These applications, primarily from urban churches, were not funded. There is anecdotal evidence that rural churches have made loans to financially stressed farm families belonging to their congregations, but no statewide ecumenical or denominational church programs for dislocated farmers in Michigan were identified.

Montana Dislocated Farmer Programs

In 1982, Montana's 23,570 farms and ranches averaged 2,568 acres each. Beef cattle accounted for roughly half of all gross farm sales while wheat accounted for 30 percent. Farming or ranching was the principal occupation for 72 percent of the operators, and only about one-fifth worked off-farm full-time in 1982 (U.S. Department of Commerce). About 1,894 farms were financially stressed to the point of liquidation at the start of 1987 (Hanson).

Project Freshstart

In July 1986, the Montana Farmers Union received a one-year, $245,000 grant from the Labor Secretary's Reserve Account to operate Project Freshstart. The objective of the statewide program was to provide employment and training services to dislocated farmers. The grant was extended for three months and subsequently expired on September 30, 1987. Project Director Dennis McOmber is attempting to secure additional U.S. Department of Labor funding at the time of this writing.[38]

As the prime contractor for Montana's Balance of State Service Delivery Area, the Farmers Union program served 51 of the state's 57 counties. Project Freshstart was staffed by one full-time director, one full-time coordinator, and a 90 percent-time administrative assistant. In addition, 7 to 10 "community contacts" around the state were paid stipends of $150 per month and expenses in return for serving as field staff. The community contacts all had farm backgrounds and were trained in program eligibility criteria and services.

Dislocated farmers and their spouses were eligible for Project Freshstart if they could provide proof of foreclosure or bankruptcy, or a letter from a creditor indicating that they could not secure credit to continue farming. Only persons leaving farming were eligible.

Project Freshstart organized about 12 three-day workshops during its 15 months of operation, mainly in the Great Falls area of Montana. The services offered at the workshops were all related to job search assistance. The objectives were to assess skills, job aptitude and interests; and teach job search skills, including interviewing and resume writing. Participants who chose to enroll in classroom training after attending the workshops were reimbursed for books and tuition. Other limited expenses (such as transportation costs) were also covered.

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[38] G. Dennis McOmber. Phone conversations, September 11 and October 2, 1987.

During the program's 15 months of operation, 207 people were enrolled, including 13 spouses. By the time all participants currently enrolled in vocational training finish their courses, the Director expects a placement rate of about 63 percent, and a cost per entered employment of $2,300. The average hourly wage received by participants who have already found jobs is $7.20. Most occupations were semi-skilled and included carpentry, hydraulic jack repair, truck driving, plumbing, and health care. At least one participant found work as a farm manager and one couple opened a bed and breakfast operation.

The Director estimated that three-fourths of those placed had moved in order to take nonfarm employment. Thirty-three percent received CRT, while only one participant received OJT. According to the Director, the farmers who enrolled in Project Freshstart wanted more vocational training, as opposed to employment experience. The SDA's Private Industry Council was not involved in the design or operation of Project Freshstart. An application has been made through the PIC for further Reserve Account funding, despite the one-time limitation on these funds. The Cooperative Extension Service (CES) was not involved in Project Freshstart except to provide some referrals. Some referrals have also come from Montana's Job Service offices.

Recruitment was a major problem for this program during its first nine months of operation. Mr. McOmber believes enrollment was slow in the beginning because many farmers who were financially unable to continue farming were not foreclosed upon by their lenders until the spring of 1987, rather than the previous fall. Thus, he suggests that dislocated farmers were not "ready" for employment services when the program was originally started. He believes that the need or demand for such services is now increasing in Montana.

The Director reports that several strategies increased the project's success. First, involving spouses in the workshops increased the likelihood that the operator would make a "clean break with farming and get on with life." Because family farms are run by both husband and wife, both need to be involved in the decision to leave. Second, thorough training of community contacts on eligibility requirements and program services increased their ability to find potential participants. Third, staff with farm backgrounds have a greater understanding of problems and needs of dislocated farmers.

Other Programs

Because Montana is an overwhelmingly rural state in which agriculture is a significant economic activity, it is likely that farmers are among the clients of regional Job Training Offices. However, no data on how many farmers have been served are available.[39]

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[39] Jim Burnett. Telephone interview, November 16, 1987.

The CES has educational programs for helping farmers in Montana increase profitability and be better managers of farm finances.[40] The Montana Department of Agriculture offers programs involving farmer peer counseling, voluntary debt mediation service, and farm financial counseling for continuing farmers. Neither the CES nor the Montana Department of Agriculture has counseling or employment training programs for persons who have left farming.[41]

The Agricultural Education Department at Montana State University received a three-year, $100,000 Carl Perkins grant from the U.S. Department of Education for retraining and upgrading the skills of adult agricultural and agri-business workers. Programs were conducted in high school vocational agriculture departments in five counties with high poverty rates, i.e. from 22 to 30 percent rural poverty. About 450 persons were involved, some of whom were farm operators. Most of the farmer participants improved their farming skills by enrolling in farm production and business management courses rather than obtaining skills for a nonfarm occupation.[42]

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[40] Duane Griffith. Telephone interview. October 16, 1987.

[41] Michael Murphy. Telephone interview, October 21, 1987.

[42] Van Shelhammer. Telephone interview, October 22, 1987.

Nebraska Dislocated Farmer Programs

Nebraska's 60,243 farms averaged 746 acres each in 1982. Beef cattle sales, including fed cattle sold for slaughter and feeder cattle sold from ranches, accounted for 61 percent of total agricultural sales, while feed grain accounted for 23 percent. Farming was the principal occupation for 79 percent of the farmers, and 51 percent did not work off the farm at all (US Department of Commerce). At the start of 1987, it was estimated that there were 6,003 financially stressed farmers in the state (Hanson).

Nebraska's dislocated farmer program has received significant national attention. Begun in 1985 under the name "Farmers in Transition" (FIT), the program is a model for many other states. Its aggressive and innovative leadership continues to take an active role in solving problems of dislocation in rural Nebraska.

Nebraska's relatively quick response to displaced farmers was due to (a) the state's economic dependence on agriculture, and (b) the fact that the state's farm economy was hit early by the current crisis. In 1985, the average debt-to-asset ratio among the state's farmers was the highest in the U.S. A variety of Nebraska agencies and organizations have responded to the state's farm financial stress.

Nebraska Farm Crisis Network

In March 1984, the Interchurch Ministries of Nebraska (IMN), a nonprofit organization of eleven denominations, began forming a coalition to address financial, legal, and emotional problems of Nebraska farm families. Members of the coalition included the Nebraska Department of Agriculture, the Farmers' Union, Women Involved in Farm Economics, the National Farmers' Organization, the Center for Rural Affairs, University of Nebraska Cooperative Extension Service, lenders, and attorneys, as well as the IMN. This coalition was called the Nebraska Farm Crisis Network. Financial support for the coalition's activities came from a variety of religious, agricultural, and credit organizations.

The program initiated (and now administrated) by the IMN includes a telephone hotline, fifteen field staff couples, volunteers, and support groups. The program's coordinator is a Legal Aid Society attorney who is experienced in farm law. The hotline staff is available 9:00 - 5:00 weekdays, and provides information to callers on where they can receive financial, legal, and emotional counseling. Callers in need of further help are contacted by trained field staff who provide financial, emotional, and legal counseling.

In fiscal year 1985, the Farm Crisis Network received income of $108,000, of which two-thirds came from church sources, one-fifth from state government, and the remainder from private sources. In fiscal year 1986, the Network received income of just over $133,000, of which slightly under half came from church sources, 30 percent from state government, and the remainder from private sources. The hotline received about 2,000 calls from farm and ranch families during its first two years of existence. Field staff couples handled caseloads of between 30-167 families, but no estimate of how many total families were served is available.

The Rural Stress Project (funded by the Nebraska Health Department) analyzed the type of services requested by roughly 2,000 hotline callers and found that most needed multiple assistance including financial (80 percent), emotional (70 percent), legal (60 percent), and food (50 percent). Fifteen percent of hotline callers had already sold their farms before calling. In a more detailed study of 112 callers from one county, The Rural Stress Project found that 26 requested off-farm employment information (Interchurch Ministries of Nebraska, 1987).

Agriculture in Transition

Nebraska's dislocated farmer program is administered by an agency within the Nebraska Department of Labor called Job Training of Greater Nebraska (JTGN). JTGN serves an 88-county Service Delivery Area. (The five remaining Nebraska counties are served by the Greater Lincoln and Greater Omaha SDA's.) The Nebraska Departments of Agriculture, Economic Development, and Aging and Social Services, as well as Nebraska community colleges and public and private organizations also cooperate in providing services to dislocated farmers. JTGN has coordination agreements with a variety of state agencies and private groups, including the Nebraska State AFL-CIO Job Assistance Program and the Nebraska Association of Farmworkers.

The evolution of Nebraska's dislocated farmer program is evidence of a growing awareness within the state of problems faced in farm-dependent rural areas. "Farmers in Transition" was originally designed to provide OJT and classroom training to dislocated and financially stressed farmers and farm workers. Dislocated farmers were defined as those leaving the farm business as a primary vocation and not likely to return. This program's successor, "Agriculture in Transition" (AIT), targets not only farm and ranch family members, but also workers in agriculturally-related companies and rural residents whose businesses have been affected by conditions in the farm economy. AIT adopted a three-part strategy, first, to keep as many farmers in farming as possible, second, to assist dislocated farmers find new occupations, and third, to encourage rural economic development. Services range from short-term counseling to developing long-term job opportunities.

AIT is based on a decentralized approach well-suited to serving rural areas in which clients are geographically dispersed. Services are offered at six "Ag Action Centers" that operate in community colleges around the state. The Ag Action Centers are billed as "places to explore options," that is, they are designed to help families evaluate whether they can stay in farming, need supplementary nonfarm income, or need to stop farming altogether. Services provided at the centers and sponsored by the Nebraska Cooperative Extension Service and University of Nebraska include farm financial evaluations and business management classes. Services supported by JTGN include outreach, career counseling and assessment, supportive and emergency services, skill testing and OJT, classroom training, job development and placement, entrepreneurial training, and employment generating activities. These employment and training services are also available through AIT at five regional Job Training offices.

AIT has relied on a variety of funding sources. The original program that began in 1985 was primarily funded by a one-year $1 million Title III discretionary grant. Operation in subsequent years has been funded from (a) USDA's Section 1440 money ($465,000) starting in March 1987, (b) Nebraska Department of Agriculture funds totaling $25,000, (c) State of Nebraska funds totaling $93,000 beginning October 1, 1987 and (d) a $3,000 private sector grant. It is expected that the program will receive an additional $500,000 grant through USDA's Section 1440 funds.[43]

There are two ways that persons may qualify for the AIT program. The first way is to be a dislocated farmer, rancher, agriculturally-related worker or business person. "Dislocated" refers to persons who are leaving a job or business as their primary vocation and are not likely to return. Under this provision, only the dislocated worker and spouse are eligible.

Second, a farmer or agriculturally related worker may be eligible for employment and training services under Title II low-income guidelines for the economically disadvantaged. These individuals must show proof of income below the official poverty level.[44] Persons who do not meet the income guidelines may be served if they have a "substantial barrier to employment." Examples of people with such barriers include displaced homemakers, school dropouts, and older workers (55 and older). Family members are also eligible under this provision. Services to persons qualified under low income or barriers to employment guidelines are funded by II-A.

Enrollment, service, and placement statistics for AIT are presented in Table 5. Since its inception, AIT has operated under three program titles: III-N (discretionary grant); II-A; and III-U (USDA 1440 funds). Over 1,000 farmers, ranchers, ag-related business persons, and family members have received employment and training services. Of the III-N participants, 20 percent received JSA, 31 percent received CRT, and 54 percent received OJT. CRT and JSA were used less commonly in the II-A program. AIT cost per entered employment for III-N and II-A combined has averaged roughly $1,860, while the hourly wage rate has averaged $5.30.[45]

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[43] Melanie Ways. Telephone interviews, October 19 and November 13, 1987.

[44] Poverty levels for various household sizes are established annually by the Federal Office of Management and Budget.

[45] Gil Jansen, JTGN Statistician. Telephone conversation November 16, 1987.

TABLE 5

Agriculture in Transition Program, Job Training of Greater Nebraska, Selected Statistics

	Program		
	III-N[a]	II-A[b]	III-U (1440)[c]
Time period	10/85 - 4/87	7/86 - 6/87	1/87 - 9/87
Enrollment	743	220	82
Entered employment rate	79%	82%	97%
OJT	401	120	NA
CRT	229	36	NA
JSA	151	11	NA
WE	16	2	NA
Other	---	48	---
Average hourly wage at placement	$5.44	$4.76	$5.32
Cost per entered employment	$1,842	$1,903[d]	NA

[a] Open to qualified dislocated farmers and spouses.

[b] Open to economically disadvantaged persons. Data refer only to farmers and family members.

[c] Open to persons in farming and farm-related business. Data refer only to farmers and family members.

[d] For all Title II-A adult program participants, including farmers and family members.

NA--Not available.

Source: JTGN

Because AIT is a widely publicized, statewide program about which all Job Training Office staff are aware, it is doubtful that significant numbers of dislocated farmers receive JTPA services outside AIT. Beginning in July 1987, JTGN applicants were asked whether they were farmers. However, these data are not yet available.[46]

Several very important elements of the Nebraska program should be stressed. The first is the emphasis placed on economic development. Mollie Anderson, JTGN Director, views human capital investment as an economic development tool. Her approach has been to use OJT as a means of local business expansion by paying finders fees to local development councils for each new OJT position they secure. She has made maximum use of the funds not allocated for training purposes to generate new employment, including workshops for community promotion, entrepreneurship, and cottage industry development. The AIT program has allocated $100,000 to support competitive grants to local Chambers of Commerce for developing promotional materials about their community to attract more employment. These projects are difficult to evaluate, but are viewed as beneficial.[47]

A second distinguishing feature is the high level of cooperation among participating agencies. State government and community organizations in Nebraska recognize that many resources are needed to address dislocation in rural areas. They have worked to pull together skills and funds from every available source to coordinate a wide range of services. This highly cooperative and coordinated approach has enabled JTGN to implement the "one-stop shop" concept whereby farmers can find a wide array of services at a single location. The Ag Action centers are housed in community colleges, which are in a sense "neutral" institutions not associated with government. Because the centers have funding from a variety of sources, they are able to serve clients under several different eligibility criteria.

A final point about Nebraska's program is the unusual organization of service delivery areas. JTGN serves almost the entire state. There are certain disadvantages of an 88-county SDA, not the least of which is the $4,000 cost of each PIC meeting. However, it seems that Nebraska's well-coordinated dislocated farmer program has benefited by the centralized organization. There seem to be economies of scale involved in administration--one agency (JTGN) applied for and received funding, works on standardized eligibility criteria, etc. Within this system, the individual Ag Action centers and regional Job Training offices seem to have enough flexibility to design locally-oriented programs.

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[46] Dave Anderson, AIT Coordinator. Telephone interview November 13, 1987.

[47] Melanie Ways. Telephone interview, October 19, 1987.

Wisconsin Dislocated Farmer Programs

Wisconsin had 82,199 farms averaging 210 acres each in 1982. Sales of milk and dairy cattle accounted for 59 percent of total farm sales. While half the farm operators did not work off the farm at all, another one-fourth worked off-farm full-time (US Department of Commerce). Some 10,078 farms were estimated to be in severe financial stress at the start of 1987 (Hanson).

In western and central Wisconsin, which includes 44 of the state's 72 counties, 370 farms filed for bankruptcy during the first nine months of 1987. These farms accounted for less than 1 percent of all farms in the 44 counties, which number between 40,000 and 50,000 (Riddle).

Wisconsin JTPA Dislocated Farmer Programs

Unique among the six states discussed in this report, Wisconsin reserves 12.5 percent of its Title III formula funds for dislocated farmer programs. The reserved money, called the Farmers' Fund, has been allocated on a competitive basis to a wide variety of local organizations. Other dislocated farmer projects have been funded by the Labor Secretary's Reserve Fund grants.

In 1987, there were seven JTPA-supported dislocated farmer projects in Wisconsin. Two projects, totaling $191,404, were funded by the Labor Secretary's Reserve Grants. Five projects, totaling $300,000, were funded from the Farmers' Fund. The local agencies in charge of the projects include three Community Action Agencies, two Area Vocational Technical Colleges, and one Private Industry Council. As of January 1987, $491,404 of all dislocated worker funds in Wisconsin were allocated to the seven dislocated farmer projects (Wisconsin Department of Industry, Labor and Human Relations).

In an assembly bill enacted in March 1986, eligibility for dislocated farmer programs in Wisconsin was unintentionally restricted to persons who owned farm land or farm buildings (State of Wisconsin). The bill defines a farmer as "an adult who has ownership interest in farm premises and whose primary employment is the operation of those farm premises." In practice, acceptable evidence of land ownership included ownership by deed, by community property law, by land contract, or by written evidence that the farmer would receive title as an heir upon the death of the present owner (Western Wisconsin Private Industry Council). The ownership clause, which prevented hired farm workers and farmers who rented their land from being eligible for dislocated farmer programs, was eliminated in 1987.

A farmer is considered to be dislocated or terminated if one or more of the following has occurred: a notice of foreclosure has been issued; the farm has not made a farm profit in the preceding twelve months; the farmer is filing a bankruptcy petition; the farmer cannot obtain farm capital to continue operations; the farmer owes outstanding payments on a loan on the farm premises; or the farmer's debts total at least 70 percent of his or her assets. In addition, the farmer is required to certify in writing that the operation of the farm premises has terminated or will terminate because of the above conditions, and that it is unlikely that the farmer will be primarily employed in farming.

The planning analyst at Wisconsin's Bureau of JTPA programs noted three major obstacles to effective administration at the state level.[48] First, in the case of dislocated farmer programs, determining the percentage of formula money that should be reserved for farmers is difficult. Unemployment figures may be used as a basis for evaluating the training and employment needs of nonagricultural dislocated workers. In contrast, no such indicator exists for the dislocated farmer population.

Second, JTPA programs are annually evaluated on the basis of placement rates. Emphasis on achieving high placement rates makes program managers reluctant to place participants on longer-term training programs even though such programs may be in the participants' best interest.

Third, JTPA's annual budget cycle hinders long-term planning. This problem is especially acute among dislocated farmer programs. A one-year planning horizon is not long enough to address the structural changes occurring in agriculture.

Four of Wisconsin's seven dislocated farmer programs, including two operated by community action agencies and two by vocational schools, are described below.

Coulee Region Community Action Program. The Coulee Region Community Action Program (CAP) received a $75,000 grant from the Farmers' Fund plus a smaller grant from the local PIC. The CAP program for farmers was begun in July 1986 and serves a hilly, four-county western Wisconsin area whose agriculture is dominated by relatively small dairy farms.

As elsewhere in Wisconsin, eligibility was limited to farmers with "ownership interest in farm premises," i.e. ownership of farm land or farm buildings. This restrictive criterion excluded dislocated farm renters or hired farm workers. Besides the eligible farm operators, their spouses and children over age 16 were eligible for the program.

Outreach for this project included extensive media coverage by radio, television, and the area's local community newspapers. It was common for the initial response to be made by the farm spouse, who usually did not identify herself on the first call.

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[48] On-site interview with Carolyn Peckham, Planning Analyst, Wisconsin Bureau of JTPA Programs, July 22, 1987.

The dislocated farmer project was originally administered and staffed by existing CAP personnel, none of whom had a farm background. In August 1987, a dislocated farmer who had been helped by the CAP programs was hired as Farm Coordinator. This change is reported to have facilitated outreach and acceptance by financially stressed farm families in the area. The Farm Coordinator receives referrals from lenders, the Cooperative Extension Service, farm trainers from the vocational training schools, and other rural leaders. He makes on-farm calls to interested farmers, and made 15 farm visits during his first month on the job.[49]

Services offered by the CAP dislocated farmer project begin with family stress counseling and pre-employment training. Early sessions are designed to raise participants' self-esteem and self-confidence. Occupational interest tests and exercises to increase participant awareness of their own extensive skills are conducted in-house using CAP-developed materials. Later sessions assist in making the person job-ready and include information about employer needs, basic skill requirements, job attitudes, work ethics, resume writing, job application procedures, interview techniques, and conducting a job search.

When pre-employment training is completed, the participants are assisted with job leads. Other staff members at the CAP are involved with job development in the community. Participants may use the CAP office facilities for typing resumes, completing job applications, etc.

Supplemental training includes coursework or other vocationally-oriented training to help strengthen job skills. For example, the Viroqua Center of the Western Wisconsin Technical College in La Crosse offers nine-month vocational training programs. Eligibility criteria for supplemental training are the same as for other services. The JTPA project reimburses the participants for tuition and books, but does not provide income support grants. Students in supplemental training programs meet monthly with JTPA staff and at the end of their program are assisted in job referrals.

The JTPA project also funds a work experience program for dislocated farmers. Participants receive short-term temporary employment in order to gain work experience, job training and skills, and current references for use in looking for permanent employment.

OJT contracts are offered to employers as incentives to hire dislocated farmers. The employer is reimbursed up to 50 percent of the wages paid, and the worker is an employee of that firm.

The CAP also provides self-employment counseling for dislocated farmers who are interested in starting a nonfarm business. Eligibility criteria are the same as for other services. JTPA funds the training, which is provided by the Small Business Development Centers in the University of Wisconsin-Extension. The displaced farmer receives consultation regarding financial planning and business start-up. Appropriate classroom training may also be provided.

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[49] On-site interview with Ole Yttri, Farm Coordinator, Coulee Region CAP, September 24, 1987.

Financial support is provided by the CAP for items that are necessary for work performance, such as clothing, child care, travel, and other essentials.

During the first year, there were 42 participants in the program. Of the 42 participants, there were 16 (38 percent) in OJT programs, seven (17 percent) received both institutional classroom training and work experience, and all received job search assistance. No one received remedial basic skills training. Eighty-four percent were placed in jobs, at wages averaging $4.33 per hour. Most of those placed in jobs stayed in the same community and many lived in the same residence as while farming. Cost per entered employment was $2,573. Of the participants, 46 percent were female, 12 percent were handicapped, 11 percent were over 55 years of age and 20 percent were high school drop-outs.[50]

Two parts of the CAP program have worked particulary well. First, hiring a dislocated farmer to be the Farm Coordinator has facilitated and eased the difficulty in working with farmers. Second, the efforts made in the pre-employment training groups have greatly helped participants who were depressed or discouraged to regain self-esteem and confidence so they could function in the job market.

The obstacles encountered in the project include the land ownership eligibility criterion that precluded hired farm workers and renters from participating, the perception that the CAP was a "government" agency and thus viewed with suspicion, and the expectation that the difficult farm financial situation will continue long after the JTPA grant expires in mid-1988.

Western Dairyland Economic Opportunity Council, Inc. (WDEOC). This Community Action Agency has a long history of farm training and assistance programs for limited-resource farmers in a five-county dairy farming area in west-central Wisconsin. In January 1986, it initiated programs for farm families making a transition from farming to nonfarm employment. During 1987, it operated its JTPA-funded projects with a Secretary's Reserve Fund grant of $94,979 and a Wisconsin JTPA Farmers' Fund grant of $86,708.

Among other criteria, ownership of farm land or farm buildings was a condition for program participation. This restrictive criterion excluded dislocated farm renters or hired farm workers, as it did elsewhere in the state.

The Farm Coordinator, who is a dislocated farmer himself, is in charge of outreach. He works with agricultural lenders, agricultural business persons, clergy, and schools to describe the program and available services. He receives referrals from these contacts, and from farmers enrolled in the program. He also uses newspaper stories, television, posters, and brochures directed at farmers and at prospective employers of dislocated farmers. The coordinator visited interested farmers at their homes to discuss the program.[51]

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[50] On-site interview with Kathy Ugo, Employment Programs Director, Coulee Region CAP, September 24, 1987.

Services begin with an on-farm interview and farm and financial counseling by the Farm Coordinator. Skill assessment may be made by WDEOC or by the Vocational Technical College. WDEOC conducts 12 hours of in-house training on employment readiness, job-seeking skills, job attitude, resume preparation, and job retention. Participants in these sessions may include farmers and other displaced persons.

Job Developers from WDEOC try to match participant skills with available positions. The JTPA program provides OJT and supports costs. WDEOC may contract with the Vocational Technical College in LaCrosse to teach some particular vocational skill to a participant.

Another program funded by the JTPA project is the short-term work experience program. In this program the person receives a JTPA funded salary while working for some non-profit institution such as a school or government unit. The employment helps the person get some work experience and current work references when seeking other employment.

Financial support is provided by the agency for items that are necessary for work performance, such as clothing, child care, transportation to work, and other essentials. The agency continues to track the participants after they are placed in a job--30, 90, and 180 days after placement.

Since January 1986, 165 dislocated farmers, spouses, or family members enrolled in the program and 124 (75 percent) have been placed in jobs. Their average starting wage rate was $5.49 per hour. Program costs per placement have been about $1,500. Participants ranged in age from 22 to 55 years, but most were in their mid-thirties to early forties. Forty percent of those served were female. All but two of the 124 persons placed in jobs continued to live in their home county. Daily one-way commutes of thirty to forty miles are common.[52]

Aspects of this program that have worked well include hiring a dislocated farmer to be the Farm Coordinator and his personal visits to interested farmers. The obstacles include the land ownership eligibility criterion that precluded renters and hired farm workers from participating. The staff's perspective is that more than the current 12.5 percent of the state JTPA formula funds should be earmarked for Farmers' Fund grants.

Vocational, Technical and Adult Education Districts. There are sixteen Vocational, Technical and Adult Education (VTAE) districts in Wisconsin. All but one have agricultural programming. The VTAE system provides vocational training on a tuition basis for farming and a wide variety of nonfarm occupations. Most districts have a Farm Family Options Service Center where farm families can receive counseling about alternative careers. Career counseling is usually free of charge, and the staff will refer families to training programs within the VTAE system or outside.[53]

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[51] On-site interview with Leonard Abrahamson, September 25, 1987.

[52] On-site interview with Jacque Hogan, Director of Project Employment, Western Dairyland Economic Opportunity Council, Inc., September 25, 1987.

Two districts received Wisconsin JTPA Farmers' Fund grants. The first was for $75,000 and was made to the Madison Area Technical College to run a dislocated farmer program in four southern Wisconsin counties. The program was started October 1, 1986. During the first year, 42 farmers who were certified as being eligible by the local Private Industry Council enrolled in the program.[54]

At the end of the one-year program, 34 participants had been placed in jobs and three were enrolled in longer-term training programs. Three of the job-placements were in OJT positions. All 11 of the participants who had less than a high school education completed the GED high school equivalency degree. The average cost per entered employment was $2,030. The average starting wage rate for those placed in jobs was about $6.10 per hour.

Examples of job placements include a 54-year old male who trained for and found a nurses aid job and a younger male who was placed in a management training position at a fast-food restaurant at an annual salary of $16,000. Another participant took an 8-week truck driving class at a cost to the JTPA program of about $2,450. The trainee was placed in a job at an annual salary of $22,000.

The program was funded with JTPA Title III formula funds for a second period beginning October 1, 1987. The target is to enroll 40 additional dislocated farmers and to place 30 of them. Expanded use of OJT is planned.[55]

A second Wisconsin JTPA Title III Farmers' Fund grant of $22,571 went to the Blackhawk Technical Institute in Janesville for training dislocated farmers in small business entrepreneurship. This one-year rural enterprise development program was limited to 12 participants who had left farming. Participants did not receive living allowances or business loans as a part of the workshop. At the end of the program three participants continued training in a two-year program at the Technical Institute. The other nine started the following types of businesses: furniture construction for a wholesale outlet; certified child care; welding; health care for elderly and disabled; farm equipment repair; feed sales; cattle buying and marketing; leather craft and leather garment making; and a lawn care and pest control service.

When the Title III Farmers' Fund grant expired in July 1987, the program was discontinued and replaced with a program for financially stressed but continuing farmers with JTPA funds from the 8 percent education set-aside.

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[53] Telephone interview with William Rockwell, October 21, 1987.

[54] Telephone interviews with Cletus Fontaine, October 22, 1987.

[55] Telephone interview with Erwin Zweifel, October 23, 1987.

The purpose of the new program is to help farmers either develop a supplemental, part-time business, or improve farm business skills for the purpose of enhancing total farm income. Thirty-five farmers are participating in the program. Seven are enrolled in classroom training in the following courses: agricultural equipment mechanics, livestock and dairy science, trade and industry, and business management. These seven plus 28 additional clients attend small business development classes and workshops to plan and initiate secondary farm businesses. Current plans include the following: alternative crop production; bookkeeping services; farm planning services; a welding shop; diesel equipment shop; sheep and goat production; horse boarding; flower production; and a bed and breakfast enterprise. The program target is for 60 percent of the participants to implement their business plans during the year, generating a return of at least $5.50 per hour of their own time.[56]

Wisconsin Cooperative Extension Service Programs

Cooperative Extension Service (CES) agricultural programs have historically dealt with issues of farm production and farm business and financial management. In Wisconsin and elsewhere, CES programming has generally focused on funding farm-related solutions to problems experienced by farm families. These solutions include, for example, improved farm management techniques and production practices. With the advent of increased farm financial stress in the early 1980's, the CES responded with intensive in-service training for all county faculty, regardless of area of expertise, on how to deal with farm family and farm financial stress. Workshops focused on how to listen to and counsel farm families who are dealing with stress, how to assist in farm business and financial analysis, and how to counsel regarding farm creditors. The counseling also included information on choosing a nonfarm occupation.

State and federal funds were reallocated internally by the Wisconsin CES to support this programming, called "Strategies on Survival." In addition, the CES received a one-time, $55,000 competitive grant from the Federal Extension Service, U.S. Department of Agriculture (Saupe and Goebel).

Wisconsin Department of Agriculture, Trade and Consumer Protection

In response to farm financial stress, the Wisconsin Department of Agriculture, Trade, and Consumer Protection (WDATCP) participated in four activities with bearing on the dislocated farmer issue. These activities comprised a broad-based, crisis-oriented attempt to alleviate immediate emotional, income, legal, and credit problems associated with financial stress. The activities included supporting the toll-free Farm Crisis Information Hotline; developing and publishing the Wisconsin Farmer's Resource Guide: Community Based Information and Assistance; supporting a farmer/lender mediation program; and directing and participating in the state's Ad Hoc Farm Crisis Coordinating Committee.

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[56] Telephone interview with Christine Walsh, October 23 and November 12, 1987.

Southwest Wisconsin Community Action Program

One final resource for dislocated farmers in Wisconsin deserves mention. In August 1986, Southwest Wisconsin Community Action Program (SWCAP) published Services to Displaced Farmers: A Grassroots Guide to Reaching and Helping Family Farmers. The publication is intended to help communities cope with farm financial stress and dislocation. Its author, SWCAP's Development Director, discusses strategies to reach financially stressed farmers; to measure the extent of agricultural and other economic stress in a community; and to access supportive services for farmers. References are provided for specific food and nutrition programs, medical care, mental health services, farm credit advice, and legal assistance.

SWCAP's guide represents the effort of a single, relatively low-budget organization to deal with major economic changes in its community. Because of its early involvement with short- and intermediate-term dislocated farmer programs in Wisconsin, SWCAP was able to document obstacles and suggest solutions. Managers of many of the programs discussed earlier in this report have coped with the same problems addressed by SWCAP. None, however, had access to SWCAP's excellent grassroots guide. This finding underscores the need for locally-based solutions and experiences to be communicated and more available to communities coping with similar problems.

EXTENT AND EFFECTIVENESS OF JTPA PROGRAMS FOR DISLOCATED FARMERS

Public employment programs have been a part of American social legislation for several decades. The Manpower Development and Training Act (MDTA) was passed in 1962, followed by the Comprehensive Employment and Training Act (CETA) in 1973, and by the Job Training Partnership Act (JTPA) in 1982. The enactment of such major social legislation carries with it an obligation to carefully describe the process and to measure the impact and benefits. Such evaluation involves systematic gathering of information that facilitates making future decisions and choices about alternative policies and programs. The theory and methodology of evaluation are well-developed, but data collection has usually fallen short of what is required for the analytical models (Borus).

Impact and Process Evaluation

"Impact evaluation" attempts to measure changes caused by public programs. It tries to compare what took place, given the social program, to what would have occurred in the absence of the program. In theory, time-discounted long run impacts should be measured because the impact of some benefits depreciate over time and others do not. In practice, impact evaluation of employment-related social programs becomes difficult because the programs may not have a single impact but instead may have a wide range of desired outcomes that affect not only the participants but the nonparticipants that compete for the same jobs, the subsidized employers and their unsubsidized competitors, and the agencies involved (Borus).

In contrast to impact evaluation, "process evaluation" describes how a program operates. It is concerned with program content, what goes on in a program, what is done with the participants, and sometimes with meeting predetermined standards. It utilizes information that can be gathered while the program is in operation.

Much of this report deals with process evaluation of state and national programs as case studies. In our evaluation of the dislocated worker programs operating in different states, we report in detail the differences in content and process that might in some way affect the long-term outcomes. Short-run impact is partially measured by numbers of participants placed in employment and by their wage rates.

Dislocated Farmer Program Evaluation

The states selected for study in this report were representative (in a nonstatistical sense) of the agricultural areas of the nation in which dislocated farmers programs are operating. In theory, an experiment which used control states or control groups of dislocated farmers would have yielded the most precise measurement of employment program impact. However, such a study would have involved much higher costs and elapsed time of several years. Therefore, we rely on less precise means of evaluation. In the following discussion we use available data to focus first on the extent, and second, on the effectiveness, of current JTPA dislocated farmer programs.

Table 6 presents summary statistics for dislocated farmer programs in the six study states. We compare the number of farmers in each state whom the USDA considers to be at risk of going out of business with (1) the number of farmers enrolled in JTPA dislocated farmer programs, and (2) the number of farmers enrolled in all JTPA Title III programs. This comparison provides a rough measure of the extent to which JTPA is reaching dislocated farmers.

JTPA dislocated farmer program enrollment as a percent of at-risk farmers ranged from 1 percent in Georgia to 17 percent in Nebraska. Dislocated farmer programs in Iowa (which had the highest number of at-risk farmers), served about 5 percent of the at-risk group.

Because JTPA programs in Iowa, Michigan and Montana do not ask participants about their former occupation, we were not able to find the total number of farmers served by Title III in these states.[57] Among the states that do collect this information, the percent of farmers served by all JTPA Title III programs as a percent of at-risk farmers was 4 percent in Georgia to 17 percent in Nebraska.

A word of caution is warranted. In so far as the number of at-risk farmers is greater than the number of farmers who will actually leave farming because of financial stress, or who need employment and training assistance, our measure underestimates JTPA's success in teaching the target population.

Various measures of program effectiveness include entered employment rate, average starting wage, and cost per entered employment. Entered employment rate ranged from 25 percent in Michigan to 81 percent in Nebraska. The average starting wage rate ranged from $5.29 in Nebraska to $7.20 in Montana. The cost per entered employment ranged from $1,805 in Wisconsin to $4,249 in Michigan.

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[57] Wisconsin JTPA programs collect these data but they were not available for this study.

TABLE 6

Summary Statistics for Employment and Training Programs Targeted at Farmers, Selected States[a]

	GA	IO	MI	MT	NE	WI
Total farmers 1982	49,630	115,413	58,661	23,570	60,243	82,199
Total at-risk farmers 1987[b]	3,527	15,127	3,583	1,894	6,003	10,078
Dislocated farmer programs:						
Time period (months)	12	12	14	16	23	12
Cumulative enrollment[c]	25	820	451	207	1,045	331
Entered employment rate[d]	*60%	70%	25%	63%	81%	78%
Cost/entered employment	NA	$2,342	$4,249	$2,300	$1,856	$1,805
Average starting hourly wage	*$6.00	$5.71	$6.96	$7.20	$5.29	$5.39
Enrollment as percent of at-risk farmers	1	5	13	11	17	3
Estimated number of farmers statewide, all JTPA programs	129	NA	NA	NA	1,050	NA
Statewide enrollment as percent of at-risk farmers	4	NA	NA	NA	17	NA
Total dislocated workers enrolled in Title III programs[e]	1,830	2,960	8,831	1,148	1,164	1,899

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[a] Weighted averages are presented for states with more than one program.

[b] At-risk farmers have negative net worth, or a debt-to-asset ratio of at least 0.7 and are unable to completely service farm debt, or have a debt-to-asset ratio of at least 0.4 and cannot service any part of their farm debt.

[c] Includes farmers and family members.

[d] Equals number of participants placed in jobs as a proportion of enrollment.

[e] Last program year for GA, IO, MI, MT, and WI. Program years '85-'86 for NE.

*Estimated

NA--not available.

Again, we caution against using these data for definitive comparisons. In the case of cost per entered employment, for example, comparisons are particularly difficult. A program that selects only participants with a high probability of placement in a high salary job might have a low cost per entered employment and a high average starting wage, but would not be effective in terms of reaching those most in need of assistance.

It is also possible to look at the question of effectiveness from the perspective of the types of services that are available to program participants. The major types of services available to dislocated farmers are JSA, OJT, and CRT. JSA is clearly the most commonly available service--in five of the six states studied, at least 85 percent of all participants received JSA (Table 7). States varied in the availability of job training services. Between eight and 33 percent of all participants received CRT. Georgia and Montana provided almost no OJT, while 54 percent of Nebraska participants received this service. Clearly, we cannot measure the level of need for training services by evaluating which services are actually being offered.

The average wage rate at placement is also an unprecise means of comparing the effectiveness of dislocated farmer programs. Labor supply and demand vary widely among and within the six study states, and therefore, we expect wages to vary as well. In addition, we have no information about dispersion or variation, which makes the use of an average rate as a measure of effectiveness very questionable. A far better measure would be the retention rate and possibilities for advancement offered by the new job. Unfortunately, this information is not available.

TABLE 7

Services Available in Selected Dislocated Farmer Programs[a]

	Participants Receiving:		
	JSA	OJT	CRT
	(%)	(%)	(%)
Georgia	100	0	8
Iowa	88	35	18
Michigan	100	15	25
Montana	100	1	33
Nebraska	17	54	28
Wisconsin	85	32	NA

[a] For Iowa and Wisconsin, data refer to the individual projects reviewed on this study rather than to statewide totals.

NA--not available.

Another indicator of the effectiveness of JTPA dislocated farmer programs is whether administrators and managers are satisfied that program objectives are being met. Presumably, the primary objective is to move as many displaced farmers into new occupations as is possible, within constraints imposed by program funding. Several programs were begun with the expectation that some eligible persons might be turned away because of a limited budget. Thus, program directors anticipated that screening according to level of need might be necessary. On the contrary, outreach proved to be such a difficult problem that, in practice, the goal became simply trying to get eligible people to walk in the door. Whether to serve those "most in need" or "as many as possible" was only a hypothetical question.

Once program managers made headway against the outreach problem, they seemed to be satisfied that their program began to meet the goal of enrolling at least some of those persons most in need of services. However, several managers and state-level staff emphasized that many "hard cases" are not reached. Generally, they considered the relatively older, financially stressed farmers and those who keep hanging on and planting one more crop to be "hard cases"--cases that are very difficult to reach. Older farmers (i.e. between age 50 and 65), especially those with no off-farm experience, are often reluctant to begin new careers and to enroll in JTPA programs.

OTHER PROGRAMS SERVING DISLOCATED FARMERS

We have earlier discussed programs that pertained to a) financial, stress, and basic needs counseling, and b) employment and training programs for dislocated farm families. Other programs that may be of assistance are income support programs and rural economic development. We discuss these programs and federal agricultural programs below.

Income Support Programs

Displaced farmers, like all others who face the task of changing occupations, need financial resources to help them through the transition. Displaced farmers are unusual in that they may experience an especially long period of low or negative income during the time that they scale back their operations. In addition, their assets may be inaccessible due to bankruptcy proceedings. While the court decides how creditors will be paid, the family may not have access to money needed for living expenses. Thus, many displaced farmers and their families need some sort of income support in the intermediate-term.

No single income support program exists specifically for displaced farmers. However, some programs offer assistance to small subgroups of the population. These programs, which include government retirement and income maintenance, generally provide transfer payments to individuals without any requirement for current service. Government retirement programs (Social Security and Medicare) pay benefits to retired workers, disabled workers, and survivors of deceased workers. Income maintenance programs include unemployment insurance and several public assistance programs. Income support programs for which some displaced farmers are currently eligible and programs that might be modified to include displaced farmers in the future are discussed below.

Unemployment insurance is a program that provides benefits to persons who are laid off from their jobs by "covered" employers. Like other self-employed individuals, self-employed farmers do not currently qualify for unemployment insurance.

Social Security retirement insurance provides direct payments to retired workers age 62 and over who have worked the required number of years. Workers who apply before age 65 receive permanently reduced benefits. Farmers have been covered by Social Security since 1954. Based on studies of current financial stress however, we do not expect many displaced farmers to benefit from Social Security retirement insurance because of their age. USDA, for example, estimates that the average debt-to-asset ratio for farmers over 64 was .08 as of January 1, 1987 (U.S. Department of Agriculture, August 1987). In their study of displaced farmers in North Dakota, Leistritz et al. (1987) excluded farmers over age 64 from the sample, assuming that these farmers were at retirement age and therefore could not be "displaced." Seventy-five percent of the farm operators interviewed in the Heffernan study were under 45 years of age (1986).

Social Security disability insurance provides benefits to disabled workers under age 65. Persons are eligible for this program if they are unable to work because of physical or mental impairment that has lasted or is expected to last at least 12 months. Displaced farmers who are disabled are eligible for this program, although we have no estimates of how many might fall in this category.

Supplemental Security Income (SSI) is a program that pays nationally uniform cash income to low income aged, blind, and disabled persons. Some states supplement federal SSI payments for the purpose of meeting special needs of the eligible population. Dislocated farmers receive SSI only if they are at least age 62 and meet low income criteria, or become blind or disabled.

Medicare hospital insurance and **supplemental insurance** are programs that partially cover medical costs incurred by persons age 65 and older as well as by some disabled persons. Again, we do not expect that a significant number of displaced farmers are eligible for these programs.

Aid to Families With Dependent Children (AFDC) was initially designed to assist low-income female-headed families with children. In roughly half of all states, families with one (or two) unemployed parents are also eligible. Eligibility is determined at the state level according to household composition, income, and value of real property. States vary in the maximum allowable levels of resources that may be held by recipients, and whether or not value of machinery, livestock, tools, and equipment are specifically excluded. The need standards also vary from state to state (U.S. Department of Health and Social Services). However, the major hinderance for financially stressed farmer participation is the difficulty in establishing that a self-employed person is "unemployed."

The Food Stamp program is a joint federal and state effort that is operated by the states, usually through a department of social services. Since 1973, the program has provided universal coverage of all households below specified income and resource levels. The purpose of the program is to give low income households more food purchasing power for improved nutrition, and to channel some of the nation's farm surpluses to low income families. Food stamps may only be used to purchase food.

Food stamp benefits vary directly with household size and inversely with income. There are nationally uniform standards for the maximum levels of income and resources (assets) that a particular size household may have and still qualify for benefits. Because age and disability do not determine eligibility, the program is likely to offer assistance to certain displaced farmers.

Nonelderly households can have $2,000 worth of assets and still qualify for food stamps. Assets used in the course of business (in the case of farmers, farm real estate, machinery, etc.) are excluded from the $2,000 limit. Eligibility under the asset test may be ambiguous in the case of farmers who are leaving agriculture either voluntarily or under foreclosure. For example, if a liquidation bankruptcy is filed under Chapter 7, the household is no longer considered self-employed and the resource exemptions for self-employed no longer apply. If a reorganization or Chapter 11 bankruptcy is filed, self-employment considerations still apply (Iowa Department of Human Services).

A family of four may have net monthly income of $917 and still qualify for food stamps. Wages, net self-employment income, interest, Social Security, and AFDC are included in net income. Net self-employment income for farmers equals gross farm product and capital sales minus the cash costs of producing income. The accounting period for farmers is usually one year but may be adjusted. Maximum benefits for a family of four is $271 per month. The level is adjusted downward according to the family's income.[58]

Because the farm family's financial records are more complicated than those of other families, Food Stamp eligibility is often difficult to determine. Our interviews with people who work with displaced farmer programs indicate that case workers are often unsure of eligibility and reluctant to enroll farm families in the program, especially when the family's assets are involved in bankruptcy or foreclosure proceedings.

No national statistics are kept on occupation (or former occupation) of food stamp recipients, thus it is not known how many dislocated farmers avail themselves of this support. In Iowa, however, county human service offices and extension offices implemented a statewide program to help farm families register for food stamps. A brochure describing eligibility conditions and guidelines for farmers was distributed (Iowa Department of Human Services). The Iowa Department of Human Services reports that Iowa farmers receiving food stamps increased from 400 in 1984 to 2,000 in 1986. The outreach effort was directly credited with about 500 new applications (Barrett). These participants can be compared with an estimated 15,127 financially stressed farmers in the state early in 1987 (Hanson).

Federal Agricultural Programs

Farmer-oriented programs, including most of those administered by the Farmers Home Administration (FmHA), and all of those administered by Agricultural Stabilization and Conservation Service (ASCS) are not intended to assist people leaving agriculture.

Farmers Home Administration. FmHA was created in 1935 by the government to provide more permanent and continuing credit assistance to farmers, building on their earlier response to the emergency farm credit needs of the

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[58] Telephone interview with Susan Beard, Aug. 11, 1987.

Great Depression. (In recent years making loans to individuals and groups for rural housing or rural community development has been added to the FmHA's responsibilities.)

The FmHA functions as the government's "farm lender of last resort" and as such is expected to lend to farmers only if they are under a high degree of financial stress. For example, in 1985, among their 130,000 new farm borrowers, the average debt-to-asset ratio was .83. On average, those borrowers' farm and nonfarm income was estimated to fall $56,000 short of meeting debt repayment due that year. Only about 15 percent of FmHA borrowers earned income adequate to service their debt (U.S. General Accounting Office).

Farm loans are made or guaranteed by FmHA to applicants who are operating "family-sized farms" and are unable to obtain sufficient credit from commercial lenders. Loans are made or guaranteed for farm operating expenses, for farm purchase, and as emergency loans to established farmers who have suffered damage or loss in a declared disaster area. In all cases, however, the purpose of the loan must be essential to carrying on the farming operation or to assure continuation of the farm business. That is, FmHA farm loans are directed toward continuing farmers, not to former farm operators or farmers who are in the process of leaving farming as an occupation.

Agricultural Stabilization and Conservation Services. The ASCS administers federal farm commodity programs designed to support farm prices and stabilize farm income. The programs provide floor prices for wheat, corn, barley, soybeans, cotton, peanuts, tobacco, rice, milk, wool, and several other products. A variety of methods are used to support prices, including nonrecourse loans; direct payments to farmers amounting to the difference between so-called target prices and loan rates; and government purchases of commodities. Program benefits are related to acres of cropland or to the quantity of the commodity produced in the past. In general, the larger the farm, the greater the benefits received from participation. While some congressional efforts to cap the payments received by any one farmer have been made, the programs are not income conditioned. In addition, participation in these programs is contingent on being an active farmer and therefore is not applicable to persons who no longer farm. They were not designed to assist dislocated farmers, and do not do so.

ASCS also administers the Conservation Reserve Program (CRP), one of the few farm-oriented programs for which displaced farmers are eligible. Under the CRP, the federal government makes annual rental payments to farmers who take highly erodible land out of production for 10 years. Farmers submit bids to the government which must be accepted in order for the farmer to participate. The national average of bids accepted in the most recent CRP signup was $67.57 per acre (Bjorklund). Thus, a farmer who decides to stop operating a farm business may choose to sell the majority of the farm machinery, livestock, etc., and place his/her qualified acreage under the CRP. People leaving farming are thus eligible if they retain ownership of the land and their offer (bid) to participate is accepted.

Section 1440 of the Food Security Act of 1985 (the Federal Farm Bill)

This amendment directed the Secretary of Agriculture to provide special grants for programs to develop income alternatives for farmers adversely affected by the rural economic crisis and those displaced from farming. The programs were to consist of educational and counseling services to farmers regarding farm and nonfarm alternatives.

In fiscal year 1987, Congress authorized $3,350,000 under Section 1440 of the Food Security Act of 1985 for special grants to assist financially stressed and dislocated farmers. Eight states received grants in the following amounts: Iowa $480,000; Kansas $498,000; Mississippi $321,000; Missouri $480,000; Nebraska $480,000; North Dakota $359,000; Oklahoma $411,000; and Vermont $186,000. The money was administered through the Cooperative Extension Service (CES) in each state except Mississippi where it was administered by Mississippi State University. Also, in Nebraska, most of the grant was coordinated by Job Training of Greater Nebraska. In each state there were three to five major program components, one of which pertained to nonfarm occupation skill testing, job training or job referrals. Other components dealt primarily with families that were still farming.

State Agricultural Development Programs

Many states are experimenting with agricultural development programs including export promotion, crop specialization, new marketing strategies, and tax relief for farmers (Council of State Governments, 1987). Such programs have been developed in response to recent farm financial stress. They have impact only on those persons who continue to farm and not on dislocated farmers.

Rural Economic Development

Rural economic development programs are not specifically designed to train or employ dislocated farmers, who make up a very small fraction of the total rural population. However, to the extent that such programs increase and equalize the distribution of economic opportunities and benefits, they have a positive impact on rural communities, including those residents who happen to be dislocated farmers.

As far back as the early 1900's, most rural economic development programs have been infrastructure-oriented. The federal government, together with cooperative and private enterprises, facilitated development of electricfication, water and sewer systems, telephone services, all-weather roads and four-lane highways, and the rural postal service (Rasmussen). As Wardwell (1986) notes, these investments and programs made possible the changes in migration patterns that occurred in the 1970's when rural outmigration rates slowed and urban outmigration rates increased.

The economic rationale for federal government involvement in rural infrastructure programs has been based on the need to reduce the scale-disadvantage of small rural communities (Wardwell). Nonmetro areas have, in the past, experienced impediments to growth, including lack of job opportunities, real income levels lower than those in urban areas, less access to consumer goods and services, and inferior transportation services. Insofar as infrastructure programs alleviated these problems, they tended to equalize opportunities between rural and urban areas.

In addition to infrastructure programs, the federal government has also provided limited direct financial assistance to nonfarm rural businesses. In a recent article, Milkove and Sullivan summarize characteristics of the major financial assistance programs available in rural communities (1987). These include programs of the Small Business Administration (SBA); Farmers' Home Administration (FmHA), USDA; Economic Development Administration (EDA), U.S. Department of Commerce; and U.S. Department of Housing and Urban Development. The economic objectives of such programs are to improve the efficiency of private sector markets and achieve more equal distribution of job opportunities than would occur in a purely free market system.

Milkove and Sullivan note that SBA loan programs are especially important to rural economic development because small businesses are a major employer in rural areas. The FmHA business and industrial loan program, while smaller than SBA's program, is significant in that it is specifically designed to promote rural economic development. Budget allocations for direct and guaranteed SBA individual business loans and for FmHA business and industry grants and guaranteed loans have declined sharply since 1980.

In the past several years, individual states have been increasing their economic development initiatives in response to financial stress in rural industries. According to a 50-state survey conducted by the Council of State Governments, some farmbelt states (including Iowa, Kansas, Minnesota, and Nebraska), have been particularly active. Their initiatives in the area of rural business assistance focus on fostering entrepreneurship; job creation and training; attracting new businesses and industry; retention and expansion of existing industry; and rural enterprise zones (Council of State Governments).

The National Governors' Association (NGA) Task Force on Jobs, Growth, and Competitiveness held a hearing on rural economic development in February, 1987. Four of the five participating governors were from rural states. Among the development strategies that were cited as potentially successful were cooperative efforts with colleges, universities and business communities; industry-specific assistance programs; and physical and social infrastructure investments (National Governors' Association 1987).

On a relatively small scale, JTPA dislocated worker programs also offer some potential for communities interested in promoting economic development (National Alliance of Business). Among the job creation activities authorized by JTPA legislation are promotion of local communities; research on local labor markets; and outreach to local firms that offer expansion potential. JTPA funds can also support economic development by subsidizing employers' OJT costs, recruiting and referring workers for new and expanding businesses, and training clients to start their own businesses as entrepreneurs.

Measuring the impact of economic development programs on rural communities is made difficult by the many and complex forces at work in rural economies. The elements of successful strategies are still being evaluated. The NGA Center for Policy Research and Analysis is now conducting a study in which investigators hope to identify factors related to economic growth and decline in the Midwest and High Plains states. The project involves field research in rural communities that have successfully addressed economic dislocation.

Even after we better understand why certain rural communities have succeeded in developing their economies, it will be difficult to evaluate the impact on specific subpopulations such as dislocated farmers. It is logical, however, that vital rural economies with diverse job opportunities would benefit dislocated farmers who need work and who are reluctant to move.

WHAT THE ROLE OF JTPA SHOULD BE IN SERVING DISLOCATED FARMERS

We have earlier documented and described the extent and effectiveness of existing JTPA programs in serving dislocated farmers. The key elements that made programs successful and the obstacles encountered have been described in the individual case studies. Now we turn from looking back and reporting what the role of JTPA has been, to looking ahead at what the role of JTPA should be.

We have identified three groups of dislocated farmers whose characteristics are pertinent both to conclusions regarding current employment and training programs, and to program and policy recommendations for the future. These groups consist of dislocated farmers: a) who can find new jobs without using employment and training services; b) who have transferrable skills but need services in the form of skill assessment, job search assistance, job placement, and in some cases entrepreneurial training; and c) who need vocational retraining before they can effectively seek nonfarm employment.

Every state has an Employment Service or Employment Security system whose function is to improve how labor markets function, primarily by improving the flow of information. They can assist prospective employees in defining their skills through testing and they facilitate job matching between job seekers and prospective employers. Theoretically this public employment service could serve the needs of dislocated farmers who need minimal assistance in finding new jobs. For two reasons however, farmers do not utilize these services. First, because the employment service offices are also the site where unemployed persons register for unemployment insurance benefits, farmers associate employment offices with a certain stigma. Also, there is anecdotal evidence that farmers do not view the available job placement services as being useful (perhaps because they do not know what services are offered). Second, the Employment Service is not designed to assist persons who have been self-employed and who would like entrepreneurial training to start new businesses.

In some states and in varying degrees, JTPA programs play an important role in meeting employment and training needs of dislocated farmers, and should continue to do so. In the case of farmers who require the minimal level of services, JTPA has performed an important function in providing job search assistance. As noted earlier, JSA is widely available among state programs. And, in at least some states, dislocated farmers who need entrepreneurial training have been able to turn to JTPA programs.

Similarly, in the case of dislocated farmers who need retraining before they can enter the nonfarm job market, JTPA has an important role. There is no other publicly-funded retraining program, nor does the private sector assume the cost of retraining dislocated farmers (as it sometimes does for other dislocated workers).

In states with the most successful dislocated farmer programs, JTPA has served to direct otherwise uncoordinated state and local resources. Nebraska and Iowa are good examples of states in which JTPA has enabled an agency to marshall services from a variety of public and private groups in order to provide the broad range of services needed by dislocated farmers.

JTPA should have the role as the entity within the state that brings the multitude of disparate public and private groups together to cooperatively address dislocated farmer issues. States have many agencies and institutions that can be focused on these problems but leadership responsibility may not always exist within each government body.

Despite elements of success, several factors limit the provision of JTPA services to dislocated farmers. The first factor concerns the effectiveness of outreach programs and has bearing on farmers' awareness of available services. Outreach has been a serious obstacle in many states. Most programs that have overcome this problem have made use of staff who are themselves dislocated farmers. They understand the channels of information that farmers use and establish rapport readily because of their personal experience with the issues.

The second limiting factor pertains to JTPA program eligibility. JTPA authorizes the U.S. Department of Labor to issue exemplary rules regarding eligibility, but allows states to adopt their own criteria. We found that these criteria vary and result in inequitable treatment of farmers in different states. Specifically, in some states, part-time continuing farmers and hired farm workers are eligible for employment and training services if the farmer self-certifies that their debt-to-asset ratio is at least 40 percent. In other states, farmers must secure written documentation from their lenders that they can no longer farm and must be land owners. We do not suggest that eligibility criteria should necessarily be broadened, which would likely result in scarce resources being spread more thinly than they are now. Nor do we imply that latitude in establishing eligibility requirements should be restricted to the extent that people most in need cannot be served. However, policymakers should be aware that by giving the states wide latitude in administering programs, they make possible unequal treatment of farmers who may have similar employment and training needs.

The third factor concerns the availability of federal money. Title III funds were substantially lower in FY 1987, as were Reserve Account grants to dislocated farmer projects. Given current federal budget restrictions, U.S. Department of Labor allocations are not likely to increase. Future funding may need to be augmented from other sources, the most likely of which is the U.S. Department of Agriculture. The USDA has long standing responsibilities in the Extension Service in farmer and farm family education and in rural economic development. They are already involved in dislocated farmer activities, e.g. in farm business and financial analysis for financially stressed farmers, in family counseling and information on dealing with the stress and depression that accompanies involuntary farm exit, and in rural job creation as a part of rural community economic development.

Related to the issue of funding availability is the question of funding allocation. Current federal criteria for allocation of JTPA monies among the states may inadequately recognize dislocated self-employed persons (including farmers) in counting the unemployed for formula purposes. Rural states with severe dislocation problems among farmers are allocated JTPA funds mainly on the basis of their unemployed (urban) wage workers. This condition is worsened because the sparseness of population distribution in some rural areas makes access very difficult and more expensive. Field staff are responsible for recruiting participants in very remote areas and farmers must travel long distances to receive services. Legislation that would appropriately count dislocated self-employed persons and compensate rural states for increased costs of administration is at least a partial solution to the access problem. Such legislation is now being considered, and is discussed below.

Proposed Legislation

The trade bill which is, at the time of this writing, in a House/Senate conference, includes legislation with bearing on dislocated farmers. Title V of the House-passed bill is called "Education and Training for American Competitiveness." It includes legislation that would replace the JTPA Title III Dislocated Worker Program with a new Worker Readjustment Program. The proposed legislation makes no fundamental changes in Title III but contains several provisions designed to improve service to farmers and other rural workers.[59]

The new legislation attempts to speed up states' response to worker dislocation. Towards this end, it establishes "readjustment councils" (on which rural areas are to be adequately represented) in each state and requires each state to provide "rapid response" activities, including outreach, assessment, and early readjustment assistance, particularly in rural areas. Eligibility for the program is the same as in the current law (as amended in 1986 to specifically include farmers and ranchers). However, the definition of "dislocation" has been broadened to cover self-employed persons who are in the process of becoming unemployed. This provision, introduced by Representative Gunderson (R-WI), means that farmers who are making a gradual transition out of farming are specifically eligible for the new program.

The proposed legislation also attempts to redress a perceived inequity in the way JTPA Title III formula money is allocated to rural areas. The current formula by which Title III money is allocated to each state is based on the state's relative number of (1) unemployed, (2) unemployed over 4.5 percent of the labor force, so-called "excess unemployed," and (3) long-term unemployed. Critics suggest that unemployment in rural areas is typically understated because neither self-employed farmers and ranchers nor underemployed persons are counted in official statistics. They also maintain that underemployed and discouraged workers may be higher in rural areas. Thus, the proposed law requires the Secretary of Labor to develop a method for counting farmer displacement, and then to change the allocation formula to include displacement due to farm and ranch failures.

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[59] On-site visit with Mary Gardner, July 28, 1987.

Another provision of the law would authorize the Secretary of Labor to finance "special projects" that may last more than one year. (National Reserve Fund projects are now limited to 12 months.) This change has significant implications for displaced farmer programs, many of which have had to seek other funding to continue serving the target population. Our discussions with program managers strongly suggest that the 12-month limitation on Reserve Fund projects is an obstacle to meeting dislocated farmer program objectives.

THE FOREIGN EXPERIENCE WITH DISLOCATED FARMER PROGRAMS

The development, implementation, and acceptance of dislocated farmer programs in all countries are influenced by culture and institutions. The importance of the farm sector in the economy, society's perspective of farmers, and the economic well-being of farmers relative to the rest of the population all affect public response to farmer issues.

The foreign experience with dislocated farmer programs is most relevant from countries similar to the U.S. in terms of excess labor in the farming sector. Agricultural policies in developing countries are less relevant, because they tend to focus on ways of increasing agricultural production and the income of farmers while providing low cost food to the rest of the population. In the discussion below we examine the experiences of selected foreign countries in order to compare and contrast problems of excess farm labor.[60]

The European Economic Community (EEC)

In general, the EEC is similar to the U.S. in that farm resources can produce more farm products than will clear domestic and export markets at acceptable price levels. Member states have had a variety of programs to control output and support farmers' income in the past.

The EEC Farm Problem. In the last two decades, the EEC's agricultural output has more than doubled in the face of more or less constant domestic demand. This phenomenon first closed import gaps and next produced surpluses in most agricultural markets. The EEC was 97 percent self-sufficient in 1974 and 112 percent in 1984. The result has been increased conflict with trading partners and escalation of EEC budget expenditures to subsidize farmers and exporters.

It is estimated that unless major changes in resource use are made, agricultural surpluses will double in ten years. Far reaching adjustments will be needed to reach equilibrium of supply and demand. Such adjustments include reducing land input by 15 percent, cutting in half the rate of growth in capital inputs, and increasing labor migration by 50 percent. The inputs that should be reduced are those that can profitably be transferred to other sectors, including members of the labor force with employment alternatives (Henrichsmeyer and Ostermeyer).

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[60] Material in this chapter is based on interviews conducted at the Congress of the European Association of Agricultural Economists, August 29 - September 2, 1987, as well as on selected published materials.

Because of increasing agricultural surpluses, EEC farm programs have become very expensive. Despite government expenditures, farm viability is constrained by insufficient income and limited opportunities for farm growth. Policy-makers recognize that land retirement is a pragmatic, although not necessarily optimal, solution. A proposal to remove land from farming and use it for forestry, grazing, parks, and recreation areas has been put forward in the EEC. However, Henze and Zeddies estimate that only 3.6 percent of farmers would participate in such a program (1987).

The Common Agricultural Policy (CAP). The twelve member nations of the EEC subscribe to a Common Agricultural Policy. When the CAP was orginally developed nearly thirty years ago, it was expected to resolve common farming problems within a family farm system of agriculture. The objectives were to achieve a) gradual change without dislocation and b) returns to capital and labor comparable to earnings in other sectors. The architects of the CAP believed that retraining members of the farm workforce and industrializing rural areas would solve the problems of economically marginal farms.

Originally, one-third of the CAP funds were expected to be used for facilitating structural changes within the agricultural sector including programs such as those to retrain farmers. In practice, four to five percent of these funds are used for such purposes. With increased unemployment in the EEC and a new awareness of the effect of farmer out-migration on rural communities, policy emphasis has shifted from encouraging labor movement out of farming to concern about maintaining the rural population (Fennell).

The CAP provides subsidized retirement benefits for farmers who take early retirement at age 55. This program is available in all EEC member countries. Since the program was established about ten years ago, 6,342 farmers have made use of this option (in a farm work force of nearly ten million). Each EEC country may have additional programs to facilitate adjustment among its own farmers.

Farmer Labor Issues by Country. There is a large area extending from north central France well into the Federated Republic of Germany that is comparable to grain farming areas in the U.S. Farms are large-scale, mechanized, and provide full employment for the operator. The farmers have relied less on borrowed capital than their American counterparts and thus have a much smaller debt repayment problem. There is little need for dislocated farmer programs.[61] Outside of this region however, agricultural labor in EEC member nations is generally underemployed.[62]

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[61] Jan Lommez. Director General for Agriculture, European Community Commission. Personal Interview, August 29, 1987.

[62] Sigrid Fernros. Research Secretary, Swedish Council for Forestry and Agricultural Research. Personal Interview, August 29, 1987.

In the Netherlands a farmer who is under age 55 and thus not eligible for the CAP's subsidized early retirement program may sell his farming operation and receive subsidized unemployment compensation for two years, if his or her net worth is under 50,000 guilders (US $24,050). Such a displaced farmer may receive vocational training courses at no cost if they lead to a "needed" occupation, but otherwise must pay for the course. At the end of the training program, the worker is free to emigrate to any EEC country.[63]

In Ireland, 25 percent of the farmers work off the farm and, in addition, there is 25 percent underemployment on farms. Employment skill testing and job placement services are available to farmers, as they are to persons in other occupations. Until recently there was a major rural development effort to provide off-farm employment for farmers and increase income for dislocated farmers. Current employment development efforts focus on high technology industries located near universities or in urban areas with technical services. Thus rural development is no longer utilized to address underemployment in agriculture. The CAP early retirement program for farmers tends to bring younger sons into farming, but in Ireland, has not been effective in reducing agricultural production or helping to move dislocated farmers into other occupations.[64]

In 1983 the Federated German Republic initiated a domestic farmer adjustment program that paid farmers a lump sum grant plus an annual stipend if they would leave farming and remove their farm from production. No training or placement programs for displaced farmers were included (Hagedorn).

Portugal and Spain are very recent entrants into the EEC. It is expected that their farmers will face extensive and difficult resource adjustments as they begin competing with farmers elsewhere in the EEC.[65] Half the farmers surveyed in the Andalusian region of Spain said they would have left farming already if they had any other opportunities. They cited the difficulty in finding employment in other regions and their own inability to change the situation without government assistance as reasons why they continued to farm (Perez-Yruela, et al.).

Farm labor adjustment may be especially turbulent in Portugal. For many years, substantial numbers of Portuguese farmers spent ten or eleven months each year working in foreign countries. Spouses and children operated their small acreages at home. With increased European unemployment, that option for nonfarm work has decreased. In addition, the subsidized farm credit and other output-increasing programs initiated after the loss of their African colonies may now be viewed as counterproductive, given freer access to food imports. Under these circumstances, farmer displacement may be extensive.[66]

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[63] A. Hartman. Manager, Numansdorp Farm, Netherlands. Personal Interview, August 31, 1987.

[64] Andrew Conway. Economist, Agricultural Institute, Dublin. Personal Interview, September 2, 1987.

[65] Antonio Alvarez. Economist, University of Oviedos, Spain. Personal Interview, September 2, 1987.

Centrally Planned European Countries

Agrarian policies of centrally planned and EEC countries have many differences, but they have some common features as well. Their common policy goals include efficient resource use, improvement in farmer income, and improved working and living conditions for farmers. Specific objectives of centrally planned economies include modernization of agricultural technology, a stable, high quality, and growing per capita food supply, parity of peasant income, establishment of peasant-worker alliances for political stability, and maintaining a rural population and economic activity in undeveloped regions (Palovics and Ujhelyi).

Agriculture comprises a much larger share of the total national economy in the centrally planned European countries than in EEC countries. There is considerable variation within the farm sectors of planned economy countries, particularly in terms of farm labor, the importance of agriculture in the national economy, and the degree of central planning and control.[67]

Agriculture in centrally planned economies operates within a framework of state farms (ranging from 8 to 68 percent of agricultural lands), collective farms (from 30 to 80 percent of agricultural lands), and household or small-scale agriculture (from 30 to 60 percent of land in horticultural crops and from 4 to 60 percent of animal products). Encouragement of (or reduced restrictions on) small-scale production for home consumption and the market economy is a significant public policy designed to improve income among low income farmers. It is reported that 4.5 million persons (about half of all families) now have farm plots in Hungary. Two-thirds of these people are part-time farmers who have major employment elsewhere. In Hungary, there has been a "liberalization in labor migration and the sale of land" in response to increased levels of agricultural production in the face of stable demand (Vancsa).

This is in contrast to Poland which is not self-sufficient in food production, and where agricultural policies deal with the control of land by the farmer. Post-war land reform first involved breaking up and re-distributing large holdings, and later, the rapid industrialization and forced collectivization of farms. This was followed by relaxation of collectivization, and later some movement toward access to individual farm plots. The current policy is for most government assistance to go to middle-sized and larger farms, and to encourage farmers to stay in farming. The exit of labor from farming is not an issue (Gaszinski).

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[66] Fernando Brito Soares. Professor of Economics, University of Lisbon, Portugal. Personal Interview, August 29, 1987.

[67] Ivo Cupic. Director of Analysis and Information, National Bank. Yugoslavia. Personal Interview, September 1, 1987.

The University of Agricultural Sciences in Keszthely, Hungary conducts degree programs in agricultural sciences and in addition, enhances job mobility by providing short courses for technical training in various agricultural and engineering fields. Students can combine this training with work by dropping out and reentering as needed. Evening courses are offered, as are one-to-six week courses for workers who come and stay at the university. Regarding the training of farmers for different occupations, it was noted that applications are received from persons on state, cooperative, and private farms and when students finish the course they may go where they wish. There is an entrance exam and about half are accepted. Students in the upper half of their class receive a stipend approximately equal to their costs for fees, tuition, and lodging.[68]

Implications for American Dislocated Farmers. The standard of living among farmers and the centrally planned nature of these economies suggest that their agricultural programs contain little of interest to the study of policies for displaced farmers in the U.S. However, there are some parallels with the American setting. First, state farms develop auxiliary businesses to provide year-round employment for their farm workers, for example, in construction, manufacturing of machinery components, and food processing. These programs parallel American rural economic development efforts to generate off-farm employment for farm operators and their families.

Second, the economic well-being of state farm, collective farm, and urban workers has been enhanced by acquisition of small agricultural plots for use in production for home consumption and market sales. In the U.S., the well-being of many displaced farm families would be enhanced if they were able to retain their present farm residence when they shift their major economic activity from farming to nonfarm employment.

Other Developed Economies

Australia and Japan are developed countries with greatly different farming sectors, but neither considers themselves to have excess labor in the farming sector. Neither has dislocated farmer programs.

Australian agriculture is typified by large scale full-time farms and ranches, isolated from urban areas. The supply and demand for farm products are generally at equilibrium levels, that is, there are no major surpluses or shortages. Such equilibrium suggests that resources are employed efficiently in the agricultural sector. Specifically, farm labor is not underemployed nor does dislocation appear to be a problem.[69]

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[68] Buzas Gyula. Dean, Faculty of Agricultural Sciences, Keszthely, Hungary. Informal presentation and discussion, August 30, 1987.

[69] C. Barlow, Australian National University. Personal Interview, September 2, 1987.

In contrast to Australia, average farm size in Japan is under two acres. Intensive farming methods that rely on small-scale tractors and implements are common. The major economic activity of most farmers is off-farm work in the nonfarm sector. Thus, farm family income depends mainly on the condition of the general economy. There are no public programs directed at farmer mobility.[70]

Transmigration Programs

Two developing countries, Brazil and Indonesia, have conducted public programs that involved moving underemployed farm families from densely populated farming areas to sparsely settled regions where farming was being developed. In Brazil, farmers were transported from the southern and northeastern states to the Amazonian region in order to clear land and build new farms. The program was not successful, partly because the participants often lacked the managerial and technological skills needed on the frontier. The Brazilian program has not been continued.

The Indonesian transmigration project, which has operated for about two decades, moves families primarily from crowded Java to the more sparsely settled Sulawesi. Part of the program's success is attributed to moving many families from the same community together, thus preserving family and acquaintance networks of support. Some nonfarm businesses and institutions are moved with the families, helping to maintain familiar community ties.

Transmigration programs are not a feasible alternative for dislocated American farmers, because the U.S. has no unsettled frontiers. However, these foreign programs reinforce the universal need for a) dislocated farmers to have the necessary skills for their new occupation or location, and b) the difficulty and resistance by farm families in breaking their local ties with relatives, friends, and institutions in migrating from their home communities.

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[70] Iichiro Takahashi. Professor of Economics, Fukuoka University, Japan. Personal Interview, August 30, 1987.

CONCLUSIONS AND POLICY RECOMMENDATIONS

The abrupt dislocation of mid-career workers by plant closings or layoffs is often the result of structural changes in the economy. These include shifts in exchange rates that affect the relative costs of imports and domestically produced goods, the effect of financial instability on consumer expenditures, and the availability and cost of credit. The result in unemployment and displacement is costly to the affected workers and their families in terms of foregone consumption and to the communities in which they reside in terms of reduced economic activity. The total economy is adversely affected because fewer goods and services are produced when resources are not fully employed.

These negative economic effects and an historic concern for the disadvantaged in our society provide the basis for public intervention on behalf of dislocated workers. This intervention is most recently manifested in the Job Training Partnership Act, designed to involve the private sector as assistance is given to workers dislocated by structural change.

Turning to dislocated farmers, there has been a net out-migration from farming in this country for five decades. During the 1980's, a more than usual proportion of those leaving have been established farmers changing occupations because of financial stress. These dislocated farmers, like other dislocated workers, suffer from an unexpected mid-career separation from their place of employment--their farm business. For many, this is the result of structural change in the American economy, principally the substantial decline in export markets for farm products, decrease in farm asset values, and drastically altered farm credit markets. The same basis exists for public intervention on their behalf as it does for other dislocated workers.

In some ways, assisting dislocated farmers find new jobs presents unique problems. Because dislocated farmers were self-employed, they have no unions or employers working on their behalf to ease the transition into new employment. And further, if they leave agriculture because of bankruptcy or foreclosure, they are unlikely to have any financial resources left to tide them over while they learn new skills. They also do not receive unemployment compensation. And last, they tend to be geographically dispersed, both in terms of where they work and where they live, which makes outreach and access to services difficult.

Many of the promising solutions suggested for assisting urban dislocated workers are generally not applicable or useful for farmers. Advance notice of plant closure, which has made the process of finding new jobs for wage workers easier, is not relevant to the farmers' case. Crisis centers that offer peer support from fellow workers in the urban community may be hard to sell to self-reliant farmers. And similarly, worker-employer financed Individual Training Accounts, as proposed by Congressmen Durbin (D-Illinois) and Sherwood Boehlert (R-New York), (Duggan and Mayer) are unlikely to be practical for farmers who, many sources say, have difficulty accepting the reality that they may some day be forced to stop farming.

In other ways, the plight of dislocated farmers is very similar to that of other dislocated workers. They go through similar personal crises of denial, guilt, helplessness, and trauma. The root cause of their problem is also the same, that is, structural economic change resulting from circumstances outside their control.

One of the most important questions we must answer in deciding how to meet the needs of dislocated farmers is whether their numbers are likely to increase or decrease. Is the phenomenon of declining farm numbers a condition of the 1980's, or will it continue? In this regard, the 1980's may be viewed as an abrupt and calamitous return to normal evolution of the American farming system following an aberration in the 1970's. As in much of the developed world, the resources in U.S. farming exceed what are needed to supply effective domestic and export demand for farm products at acceptable prices. While some federal farm programs focus on the removal of the land resource from the farming sector, market forces encourage the exit of labor through low returns in relation to nonfarm alternatives. We can expect continued pressure on farm commodity prices, farm income, and the value of farm resources in farming for the foreseeable future. Financially stressed farmers can not be expected to recover their losses through an imminent, long-term resurgence in farming. We can, instead, expect to see the continuing exit of financially stressed, mid-career farmers for the next several years.

Given the likelihood that farmers will continue to be dislocated from agriculture (albeit not in large numbers) and a rationale for public intervention, what should be the form of public sector relief? Here the JTPA model of public assistance by investment in the human capital is very useful. JTPA programs enable rural communities to address both labor supply and demand. In addition, there is now enough experience with JTPA programs for dislocated farmers to specify what works well and what does not.

JTPA programs address the issue of labor supply by preparing dislocated farmers for the nonfarm labor market. Such programs use skill assessment techniques to determine the need for additional job training, and have a wide variety of options to facilitate getting job experience, job search, and placement.

On the labor demand side, JTPA programs can also be used to stimulate rural economic development through on-the-job training subsidies and job creation activities.

Our analysis of dislocated farmer programs in six states has clear implications for the design of a model employment and training program targeted at persons who leave agriculture for financial reasons. Such a program should have the following characteristics:

a) Structurally in place, and able to respond to changes in demand for services that are associated with cycles in the agricultural sector. The program in Georgia is a good example--At the local level it serves dislocated workers as well as farmers and is equipped to deal with farmers' unique needs. Because one-year programs are not adequate to deal with agricultural dislocation the program should be funded on a longer-term basis.

b) Available in all states in which there are dislocated farmers in need of services, according to the state's relative vulnerability to cycles in the agricultural sector. The Midwest farmbelt is extremely vulnerable, while, for example, the Northeast is less vulnerable.

c) Centrally administered within states by a single entity. Because of its function as a conduit of Title III funds and its public and private sector linkages, this entity is likely to be the state JTPA office.

d) Advised by a steering committee made up of representatives from public and private organizations and agencies. The committee should function as a source of information on the need for services (i.e. how many dislocated farmers require assistance) and on the availability of services. Depending on local leadership, members of the committee may include representatives of state departments of agriculture, labor, and social services; the Cooperative Extension Service; farmer organizations; community and vocational educational institutions; business people; and local mental health groups.

e) Open to farmers and family members who, for financial reasons, are leaving farming as their primary economic activity. Eligibility criteria should be patterned after the rules currently proposed by the U.S. Department of Labor (as included in the Appendix to this report). Such criteria should not exclude persons who continue farming for purposes of providing supplemental income.

f) Designed to reach farmers who may live in remote areas, who may have withdrawn from their normal community relationships, and who may not be accessible through traditional social service channels. Field staff who have experienced the loss of a family farm and who are knowledgeable about eligibility and available services are helpful in overcoming enrollment problems. Outreach through general audience newspapers, radio, and television appears to be less effective than through channels targeted specifically at farmers.

g) Based on the "one-stop" or "family options" service center concept. Dislocated farmers and family members should be able to receive: referrals to an agency that can provide a farm financial evaluation and to appropriate social service agencies (for mental health, legal, and financial counseling, as well as income support); employment counseling; and information about job training. These referrals and services should be available at one neutral location, for example, a community college or extension service office.

h) Authorized and financed to offer a variety of employment and training services. These services should include aptitude and skill assessment that utilizes simulated work situations and testing-on-task techniques, training in job search activities (e.g. resume writing and interview techniques), preparation for high school equivalency testing, on-the-job training subsidies for employers, vocational classroom training, and entrepreneurial training. Other services required by younger and less educated workers (such as remedial education and work experience programs) are less applicable to dislocated farmers.

i) Able to provide partial or total financial support for tuition, books, transportation, and child care.

j) Flexible enough to permit college and university courses that would enable participants to complete a degree leading to employment or to obtain certification, for example, as a teacher. Current programs exclude such training because it may not specifically lead to a job and may last longer than one year. It can be argued that dislocated farmers who obtain college degrees could combine their entrepreneurial experience with formal education to secure employment commensurate with their skills.

One issue regarding the design of a model dislocated farmer program is less clear. It pertains to whether dislocated farmers should receive income support during job training. To date, no published study has documented either the net worth or cash income of dislocated farmers. Because dislocation is likely to result in asset sales and debt repayment, we cannot infer their financial condition from that of people who continue to farm. Thus we have no means of evaluating whether dislocated farmers are prevented from training for new employment because of financial need.

It can be argued that other dislocated workers receive income support not available to farmers, that is, unemployment compensation. Thus, there may be some rationale for, at minimum, a loan program for the purpose of covering living expenses during retraining.

In conclusion, the most productive way to view dislocated farmers in the long run is in the broader rural context. The agricultural crisis is the "tip of the iceberg" in terms of changes in rural America. All resource-based industries (including mining and forestry in addition to farming), as well as manufacturing are experiencing structural change due to new demand/supply relationships in the world economy. Rural communities in which these industries have historically been important face the task of re-employing workers and self-employed individuals or facing population decline. To be most effective, programs directed towards dislocated farmers should be embedded in broader rural development policy.

APPENDIX 1

Proposed rules for programs under Title III of the Job Partnership Training Act, from the Federal Register, Vol. 52, No. 121, pp. 23684-23685. June 24, 1987.

PART 631-PROGRAMS UNDER TITLE III OF THE JTPA 631.30

631.30 Participant eligibility

(a) The governor is authorized to establish procedures to identify substantial groups of eligible individuals who:

(1) - (3) [Pertain to wage workers]

(4) (i) Were self-employed (including farmers and ranchers)

and are unemployed:

(A) Because of natural disasters, subject to the provisions of paragraph (c) of this section; or

(B) As a result of general economic conditions in the community in which they reside.

(ii) For the purposes of paragraph (a)(4)(i) of this section, categories of economic conditions resulting in the dislocation of a self-employed individual may include, but are not limited to:

(A) Failure of one or more businesses to which the self-employed individual supplied a substantial proportion of products or services;

(B) Failure of one or more businesses from which the self-employed individual obtained a substantial proportion of products or services;

(C) Large-scale layoff(s) from, or permanent closure(s) of, one or more plants or facilities that support a significant portion of the State or local economy;

(D) Depressed price(s) or market(s) for the article(s) produced by the self-employed individual; and/or

(E) Generally high levels of unemployment in the local area.

(b) The Governor is authorized to establish procedures to determine the following categories of individuals to be eligible to participate in programs under this part:

(1) Self-employed farmers, ranchers, professionals, independent tradespeople and other business persons formerly self-employed but presently unemployed.

(2) Self-employed individuals designated in paragraph (b)(1) of this section who are in the process of going out of business, if the Governor determines that the farm, ranch, or business operations are likely to terminate, as evidenced by one or more of the following events or circumstances:

(i) The issuance of a notice of foreclosure or intent to foreclose;

(ii) The failure of the farm, ranch or business to return a profit during the preceding 12 months;

(iii) The entry of the self-employed individual into bankruptcy proceedings;

(iv) The failure or inability to make payments on loans secured by tangible business assets;

(v) The failure or inability to obtain capital necessary to continue operations;

(vi) A debt-to-asset ratio sufficiently high to be indicative of the likely insolvency of the farm, ranch or business; and/or

(vii) Other events indicative of the likely insolvency of the farm, ranch or business.

(3) Family members of individuals identified above under paragraphs (b)(1) and (2) of this section, to the extent that their contribution to the farm, ranch, or business meets minimum requirements as established by the Governor.

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